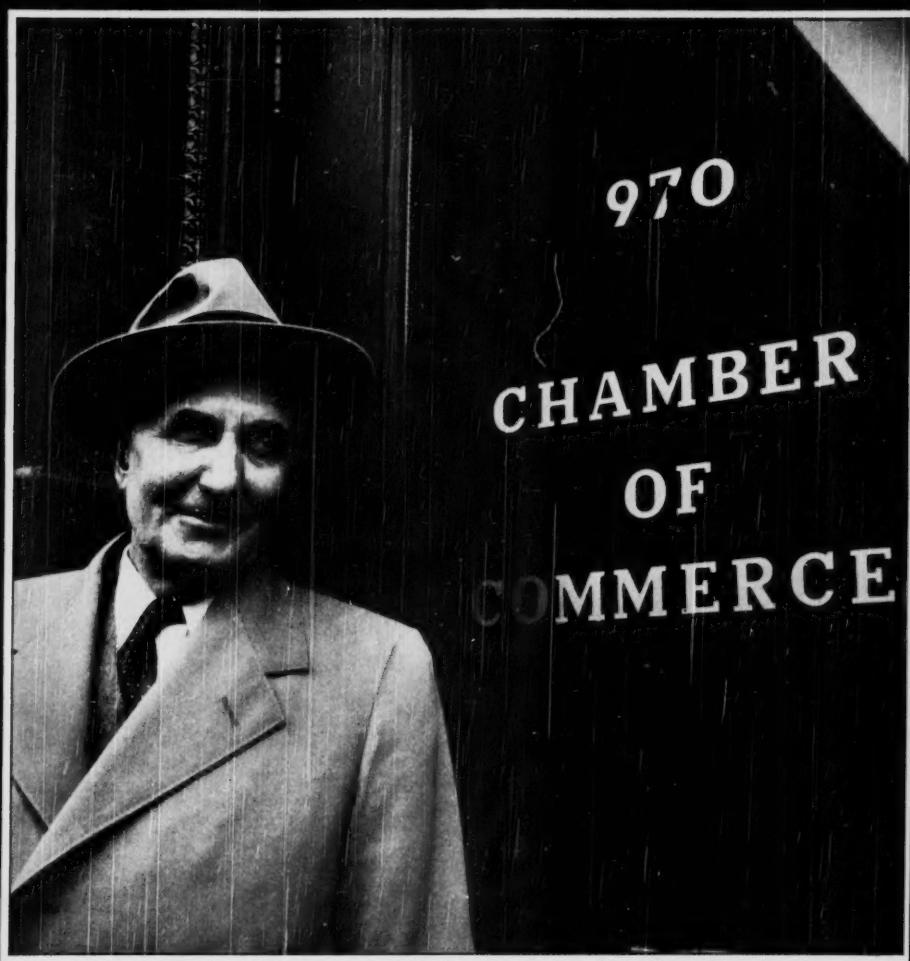


# BUSINESS WEEK

Machines Should  
Fit People PAGE 51

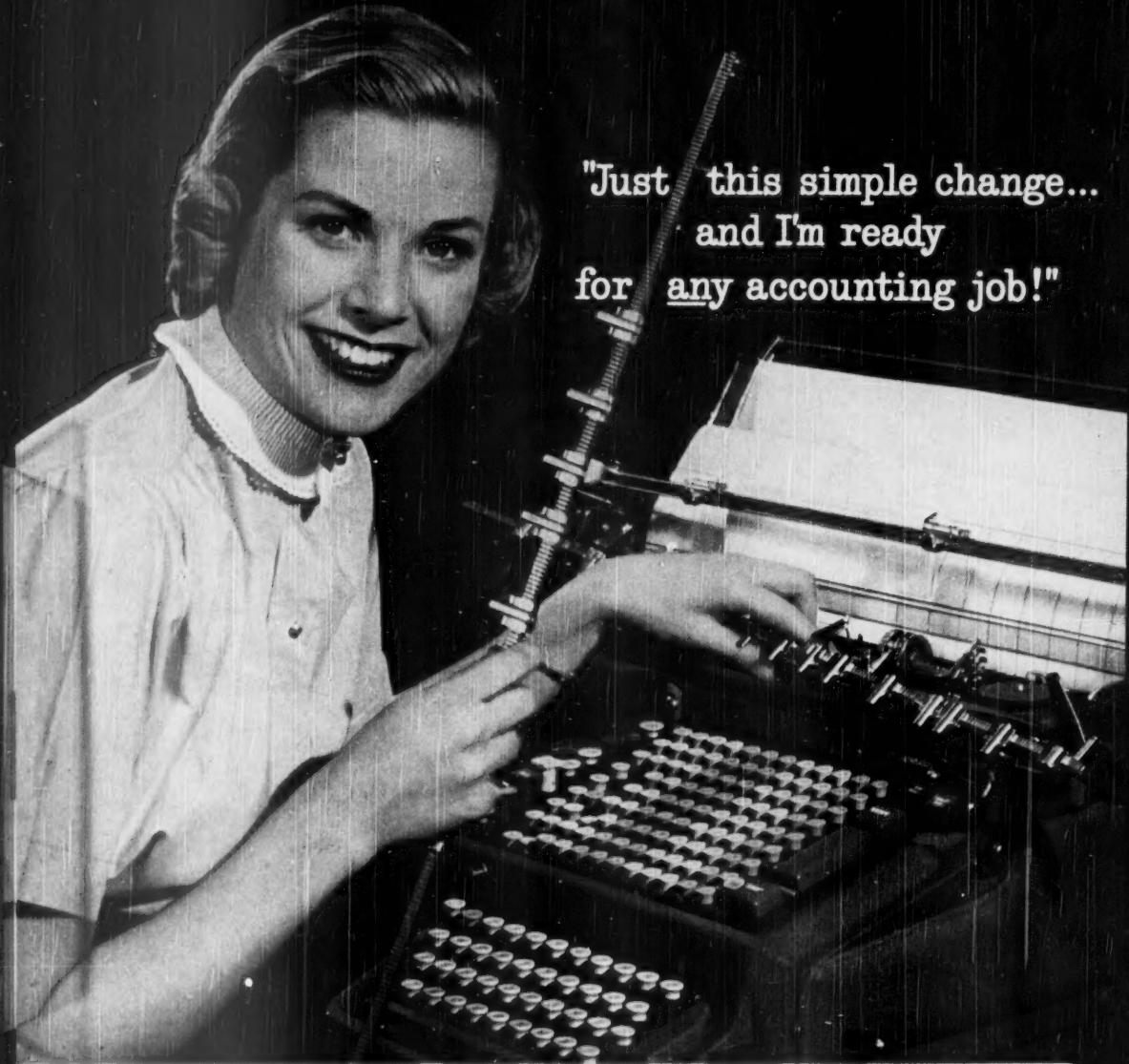


Otto A. Seyferth: From Muskegon to Washington to head the U.S. Chamber (page 26)

A McGRAW-HILL PUBLICATION

MAY 6, 1950

TWENTY-FIVE CENTS



"Just this simple change...  
and I'm ready  
for any accounting job!"

### THIS IS THE NATIONAL MULTIPLE-DUTY ACCOUNTING MACHINE

Snap off one form-posting bar...snap on another—and you change, in seconds, from one type of posting to another!

One MULTIPLE-DUTY machine and *one* operator can usually handle *all* the posting, including payroll, in the small or medium-sized business.

Large concerns use batteries of these MULTIPLE-DUTY machines for specific jobs; and, during peak-load periods, shift jobs between machines to cut costly overtime.

This remarkable MULTIPLE-DUTY machine often repays its entire cost the first year after installation—and then goes on saving money year after year!

This National MULTIPLE-DUTY machine will cut *your* accounting costs, besides giving you money-making facts about your business...facts usually considered too costly to obtain with other methods.

Let our representative show what National Mechanized Accounting can do for *you*!

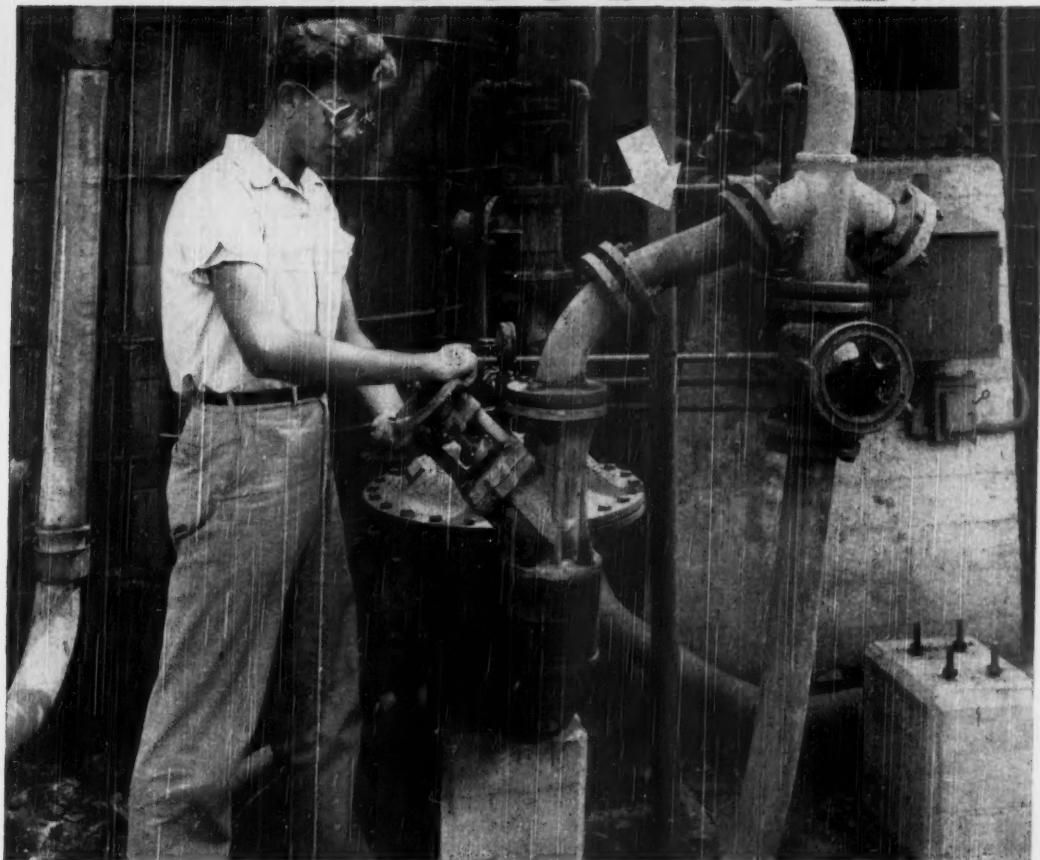
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representative,  
or write to the  
Company at  
Dayton, Ohio



THE NATIONAL CASH REGISTER COMPANY

*National*

Research  
keeps **B.F. Goodrich** *first in  
rubber*



## Dangerous streams of hot acid made safe

### *A typical example of B. F. Goodrich improvement in rubber*

THAT powerful pump can shoot streams of acid at 30 gallons a minute through big pipes, to be used in making colors for paints. But uneven spurts of pressure shook the pipes until they clanged, rattled and shivered, gradually broke at the joints, leaked, lost valuable acid that damaged equipment. Pipes had to be replaced two or three times a year.

Then a B. F. Goodrich man suggested the BFG Flexseal connector—a rubber joint that stands pressure as well as the pipe itself, yet so flexible it

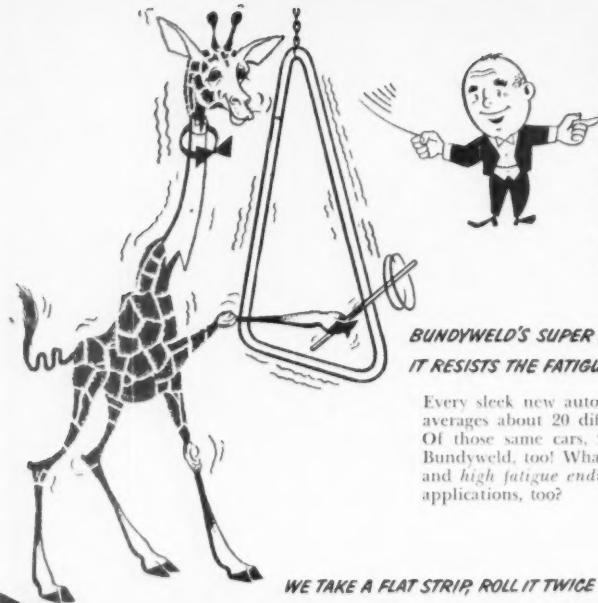
absorbs the vibration, joins rigid pipes safely. Even the pump is quieter now, and the pipes were in their second year of service when this picture was taken.

Many B. F. Goodrich men are specialists in acid-handling equipment. B. F. Goodrich makes rubber-lined tanks with brick sheathing and expansion joints for handling the hot acids used in "pickling" steel—in fact, B. F. Goodrich designs and builds complete systems for pickling or acid storage, with rubber-lined pipe, hose, rubber-lined valves, sewers and other things.

All of these products are backed by years of experience, yet all have been improved from year to year. It's that policy of constant improvement that brings you extra value. Don't decide any rubber article you use is the best to be had without finding out what B. F. Goodrich has done recently to make it better than ever. Just see your B. F. Goodrich distributor. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

**B.F. Goodrich**  
RUBBER FOR INDUSTRY

# Why Bundyweld is



## BUNDYWELD'S SUPER FOR BRAKE LINES IN CARS; IT RESISTS THE FATIGUE FROM BOTH SHIMMIES AND JARS.

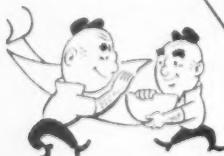
Every sleek new automobile rolling off the assembly lines today averages about 20 different parts of rugged Bundyweld Tubing. Of those same cars, 95% have hydraulic brake line systems of Bundyweld, too! What better evidence of the strength, durability and high fatigue endurance limit Bundyweld can assure in your applications, too?

## WE TAKE A FLAT STRIP, ROLL IT TWICE ALL ITS LENGTH; GET A DOUBLE-WALLED TUBING THAT'S FAMOUS FOR STRENGTH.

Secret of Bundyweld's amazingly long list of features is its special, patented construction. It's double-walled from a single strip, the *only* tubing of its kind. Put it in that tough spot in your design, structural or functional applications. Bundyweld can stand the gaff!

## WHY BUNDYWELD CAN'T BE BEAT

SIZES UP TO  
5/8" O.D.



First, a single strip of basic metal, coated with a bonding metal, is . . .



rolled twice around into a tube of uniform thickness, then . . .



passed through a furnace. Bonding metal fuses with basic metal, presto—



Bundyweld . . . double-walled and brazed through 360° of wall contact.



# the better tubing

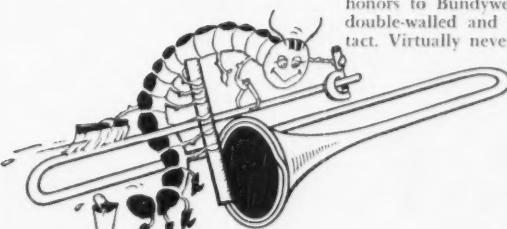
MACHINE IT OR BEND IT, SWAGE IT OR FLARE IT,  
FOR SMOOTH, EASY HANDLING YOU JUST CAN'T COMPARE IT!

With all its sturdiness, Bundyweld is easy to cut, machine, form or join. It bends more readily and takes more bending without collapsing or weakening structurally. Your tip-off to faster, smoother fabrication and lowered costs of tubular frames, refrigerant lines, beer coils, radiant heating systems, or a product you may be designing that happens to need a *better* tubing.



NO LEAKS UNDER STRESS IN YOUR LINES OR YOUR COILS;  
BUNDYWELD'S PERFECT FOR GASES AND OILS.

High resistance to pressure your big must? Bundyweld is still your tubing! Halogen vapor leak detector tests, accurate for 1/100 of an ounce leak *per year*, give honors to Bundyweld for leakproof performance. It's double-walled and brazed through 360° of wall contact. Virtually never a chance of a leak!



EVERY INCH WE PRODUCE GETS A WHOLE FLOCK OF CHECKS  
FOR FREEDOM FROM SCALING AND OTHER DEFECTS.

Bundyweld's wall thickness and concentricity are steadily held to amazingly close tolerances. No scaling! Coating, inside and out, is always smooth, clean, bright. Your inspection processes can be pared to a minimum, without delays for rejects. Still more Bundyweld savings for you.

SO, make it a point to find out today  
How your use of Bundyweld really can pay.  
Be it nickel or steel or Monel, you will find  
No other tubing so soundly designed.



**FREE!** Write today for new 20-page, illustrated booklet on Bundyweld Tubing, its properties, uses and how it can be fabricated, plus helpful information that may steer you to a profitable application of Bundyweld in your product. For your free copy, or queries on any possible use of Bundyweld, just call or write:  
**Bundy Tubing Company, Detroit 14, Michigan.**

# Bundyweld Tubing<sup>®</sup>

DOUBLE-WALLED FROM A SINGLE STRIP

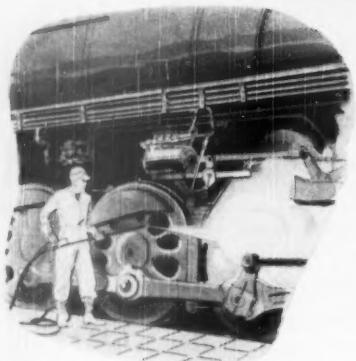
Bundy Tubing Distributors and Representatives: Cambridge 42, Mass.: Austin-Hastings Co., Inc., 226 Binney St. • Chattanooga 2, Tenn.: Pearson-Deakins Co., 823-824 Chattanooga Bank Bldg. • Chicago 32, Ill.: Lapham-Hickey Co., 3333 W. 47th Place • Elizabeth, New Jersey: A. B. Murray Co., Inc., Post Office Box 476 • Philadelphia 3, Penn.: Rufan & Co., 404 Architects Bldg. • San Francisco 10, Calif.: Pacific Metals Co., Ltd., 3100 19th St. • Seattle 4, Wash.: Eagle Metals Co., 3628 E. Marginal Way • Toronto 5, Ontario, Canada: Alloy Metal Sales, Ltd., 881 Bay St. • Bundyweld nickel and Monel tubing is sold by distributors of nickel and nickel alloys in principal cities.

# interesting facts

RUST PREVENTIVES • WATER TREATMENT

## TAKING THE COST OUT OF alligator hide

Damage in shipment due to leather mold and metal corrosion made alligator handbags from the Argentine a bad risk for importers. The solution—packaging in Dearborn moisture repellent NO-OX-IDized wrappers. The result—merchandise received in excellent, salable condition.



## PUTTING THE skids UNDER SLUDGE

Sludge—minute crystalline particles that adhere to surfaces of boilers or feed lines—eventually necessitates equipment repair. But when boiler water is treated with Dearborn Polyamide Anti-Foam, steam purity increases and a jelly-like coat envelops the sludge, causing it to skid off metal surfaces—stay in suspension—do no damage.

## SATURDAY NIGHT BATH FOR "old 99"

Whether it's a new Diesel streamliner or "Old 99," rolling stock must be regularly and thoroughly cleaned. Supplying the specialized detergents that effectively remove dirt, soot, grease and grime is one of many Dearborn services to the railroad industry.



Whether you operate an industrial or processing plant . . . a utility or a pipe line . . . a railroad or a steamship line . . . Dearborn's specialized experience in water treatment and rust prevention is available to help you conduct your business more efficiently, more economically.

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TRADE MARK REGISTERED

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AND BOILER WATER TREATMENT

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BUSINESS WEEK • May 6, 1950

# THE MAN WHO WANTED TO BE OF DISTINCTION!

by Mr. Friendly



"I drink the proper brand," was his sad complaint,  
"But a man of distinction is a thing I ain't!  
With accidents up...and business in the red,  
I'm more the *extinguished* type!" he said.

Mr. Friendly spoke and he said, "My Co.  
Will save you so much elegant dough  
You'll not only reach the peak of distinction,  
But ads will proclaim you reek of distinction!"

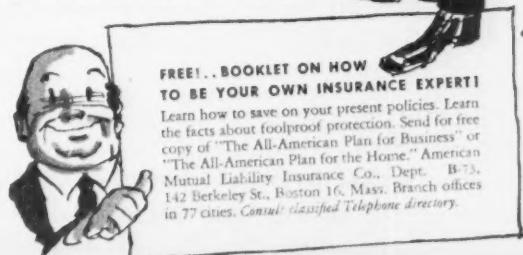
(American Mutual gives businessmen the greatest extra in insurance... helps reduce premiums as much as 50% below the average rate in some cases... and gives you the opportunity to save up to 20% through dividends!)

Well, the man signed up and his profits grew,  
And they wrote him up in "Who's *Really* Who."  
His portrait was painted in gold and mink;  
A bit gaudy, but lawdy, how awfully distinc'!



**AMERICAN MUTUAL**  
The first American liability insurance company

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# Where in the world...



1...did the ancients construct "stairway farms" on steep mountain slopes?



2...is the land irrigated by means of tunnels dug underground?



3...is it a social custom for farmers to paint their barns annually?



4...do farmers, to insure fruitful crops, employ women for rice planting?

You can call the countries represented here — and most other countries of the world — without leaving your home or office! They are as near to you as your own telephone.

If, in some other part of the globe, there is a business matter that needs personal attention . . . a favorite friend or relative who would be happy to hear from you . . . reach for your telephone. Say to the Long Distance operator: "I want to make an overseas call." The cost is surprisingly low.

1. Peru      2. Iran      3. Denmark      4. Indonesia

**BELL SYSTEM OVERSEAS TELEPHONE SERVICE**



## Highlights In This Issue

### Prices Are Kicking Up

• Right now, the signs mostly point to higher price levels. The question is: Why? P. 19

### Who'll Carry The Steel?

• Truckers have been hauling over 50% of eastern steel. Now the rails are fighting back with a new rate. P. 22

### Pacific Shipping Woes

• West Coast shipping is still in the doldrums. But there are a few bright spots turning up. P. 44

### Machines Should Fit People

• That's what the psychologists say. And they point to important cost savings. P. 51

### Pension Tax Hope

• There's hope that BIR may make payments on past-service pension credits fully deductible from income. P. 70

### Who Wants Inventories?

• Not the retailers. Not the manufacturers. But somebody has to take the risk. P. 85

### Hollywood's Angels

• Outside investors are flocking back to the movie capital. But only one in three will break even. P. 95

### Russia's Aim: Empire

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**"Yeah, yeah, but  
he's still full fare!"**

Even if the equine is a 2-year old, adding a horse to a car doesn't always get you a horse-car.

It just gets you an argument. This proves . . . to our satisfaction anyway . . . that, frequently, there are *two* answers to *one* problem. Unless, of course, it's a figuring or accounting problem. Only *one* answer there . . . and no argument . . . Monroe!

Because whatever the figuring or accounting job, Monroe makes *exactly* the machine to handle it.

Quickly. Efficiently. Economically.

Everything cleared up nicely now—like when you use Monroes?



Monroe solves your figuring and accounting problems . . . a model to meet every need!



**Monroe CALCULATING Machine**  
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**Monroe ACCOUNTING Machine**  
VERSATILE! A multi-purpose bookkeeper that handles several kinds of jobs. Like all Monroes, its "Velvet Touch"\*\* is one reason operators who know prefer Monroe.

\*"VELVET TOUCH" originated in 1935 to describe Monroe's matchless ease of operation.

Every Monroe is sold only through Monroe-owned branches; serviced by Monroe's factory-trained organization.

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Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.

# AMERICAN-STANDARD

First in heating... first in plumbing



## Double Beauty

**T**HIS is the new Dresslyn Lavatory-Dressing Table, the latest example of the superb styling and craftsmanship that distinguishes all American-Standard products.

Ever see a more beautiful fixture? Or one that's more practical?

Designed to dress up baths and powder rooms and accentuate their charm, the new Dresslyn is both a lovely lavatory and a distinctive dressing table combined in a single, doubly beautiful unit.

Available in two styles, two sizes, and in 31 color combinations, and featuring a deep-bowl lavatory of genuine vitreous china, plenty of storage space, and ample counter top area, the Dresslyn is a

quality fixture through and through. Yet, because it is ready-built (and not the built-in, custom job it appears to be) the Dresslyn is within reach of most families.

The advanced thinking that developed the Dresslyn is typical of what's constantly going on at American-Standard to create new and improved plumbing and heating products, not only for residential installations, but also for the more specific requirements of such specialized fields as hospitals, hotels, schools, ships and railroads.

*If you'd like to have further information on the Dresslyn, just write us.*



American Radiator & Standard Sanitary Corp. • Dept. BW-50, Pittsburgh 30, Pa.

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# BUSINESS OUTLOOK

BUSINESS WEEK

MAY 6, 1950



Last winter's astounding total of housing starts now is being converted into a record lot of completions.

Value of residential work put in place in April is estimated at \$715-million. That isn't too far under last October's peak of \$742-million. And May will eclipse that old record handily.

Peaks for "value put in place" tend to lag about two month's after "starts." And March of this year broke all records for starts.

Some idea of the housing boom's importance may be had from these comparisons: January, 39% above a year ago; February and March, up 50%; April, up 56%. Now May should be about \$800-million, up nearly 50%.

Any wonder, then, that March sales of home washers rose to 423,802, exceeded by only one other month on record? Or that TV set production for the first quarter was close to a 5-million annual rate?

Total value of construction in April—industrial, commercial, public works, housing—was \$1.7-billion, best ever for the month. This was 24% above April, 1949.

This boom in housing, home furnishings, and automobiles once again calls attention to how much of the spending splurge is on the cuff.

Most new homes are financed, of course.

A checkup by the National Credit Office, Inc., indicates that about 70% of TV sets are on instalments.

Auto sales executives figure over 60% of new cars are sold on time.

Credit for buying autos on time has now piled up to \$3,367-million, the Federal Reserve Board notes. That's a rise of \$111-million for the month of March alone, and \$1 1/4-billion in a year.

Total instalment credit, including autos, topped \$11-billion in March for the first time. That's up nearly \$2.7-billion in a year.

Noninstalment credit, however, went down seasonably for the third month in a row. Total consumer credit now is \$18.3-billion. That's up \$3-billion in a year, but \$500-million down from the 1949 year-end peak.

People who insist on looking for a dark side to the boom—and there still are some around—are bothered by two thoughts:

- (1) What if mortgage money and instalment credit should tighten?
- (2) What if cars, homes, steel should all suddenly overshoot demand?

Actually, few are really worried on the first score; the government is keeping money easy. But the consumer market may some day "fall dead." The market for new homes, only a year ago, was in the dumps. Remember?

Business still is rolling. The Federal Reserve Board confirms that—if there is any real need for confirmation.

The board has just revised its index of March industrial production up two points. That puts it at 186. And April, the board says, topped that. In April, 1949, we were at 179—and heading for July's low of 161.

Civilian employment seems headed for a new postwar peak this summer.

A wobble in business could still prevent it. But the interesting thing is that employment in April, at 58.7-million, not only pulled 850,000 ahead of

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
MAY 6, 1950

employment last year; but it also went nearly half a million over 1948.

Of course, there was a 3.3-million rise in employment between April and July in 1948. That's what carried us to a record 61.6-million jobs then.

The April-July rise this year would have to be 3-million to put us ahead of 1948. A year ago, the upturn was only 1.2-million.

We still have the problem of unemployment running ahead of last year, even though total employment has risen smartly.

The main troubles are failure to absorb the growth of the labor force and an apparent technological change in agriculture.

Agriculture showed a fair seasonal rise in jobs from March to April. Yet April still was 600,000 below a year ago.

If farm jobs were just even with a year ago, unemployment would be under last year's 3-million. Instead, as things are, it is 3½-million.

Factories' new orders continue to brighten business prospects.

New orders topped shipments in each of the first three months of 1950. That's a nice backlog of business to be carrying forward.

March was 14% over February on new orders, the Dept. of Commerce says, bringing "total incoming business to a new postwar high."

And the "major increase" during March was in orders for durables. This backlog went up an estimated \$1.1-billion. That will help to keep plants humming for some little time.

Manufacturers' inventories have just been rocking along in the neighborhood of \$31-billion so far this year. But that mainly demonstrates inability to add stock rather than any reluctance to do so.

It hasn't been easy to find enough raw materials to build stocks.

New price increases (page 19) indicate that plants are bidding up in their anxiety to get more adequate supplies.

American corporations have been paying off debt even as individuals have been piling it on.

That shows up in higher corporate working capital. And it also shows up in debt prepayments. For instance:

General Electric—The remaining \$42½-million of the company's \$200-million financing, arranged in 1946 for plant expansion and improvement, will be paid off July 3. It wasn't due until 1966.

Westinghouse Electric—Directors have approved retirement of \$40-million of debentures on July 1. These weren't due until 1973.

Hog markets didn't cooperate with Agriculture Secretary Charles Brannan.

When he ended support prices, he presumably expected prices to drop. That might have lead to demand for a trial run of the Brannan Plan on hogs.

But the price of hogs has gone up gradually for a month. This isn't winning any corn-hog farmers to the Brannan Plan.

Private crop reports this week make winter wheat look much worse even than it did a month ago. Big reductions are seen in Kansas, Oklahoma.

In Texas, it's a catastrophe. Less than 20-million bu. are forecast.



Is there a **BLIND SPOT**

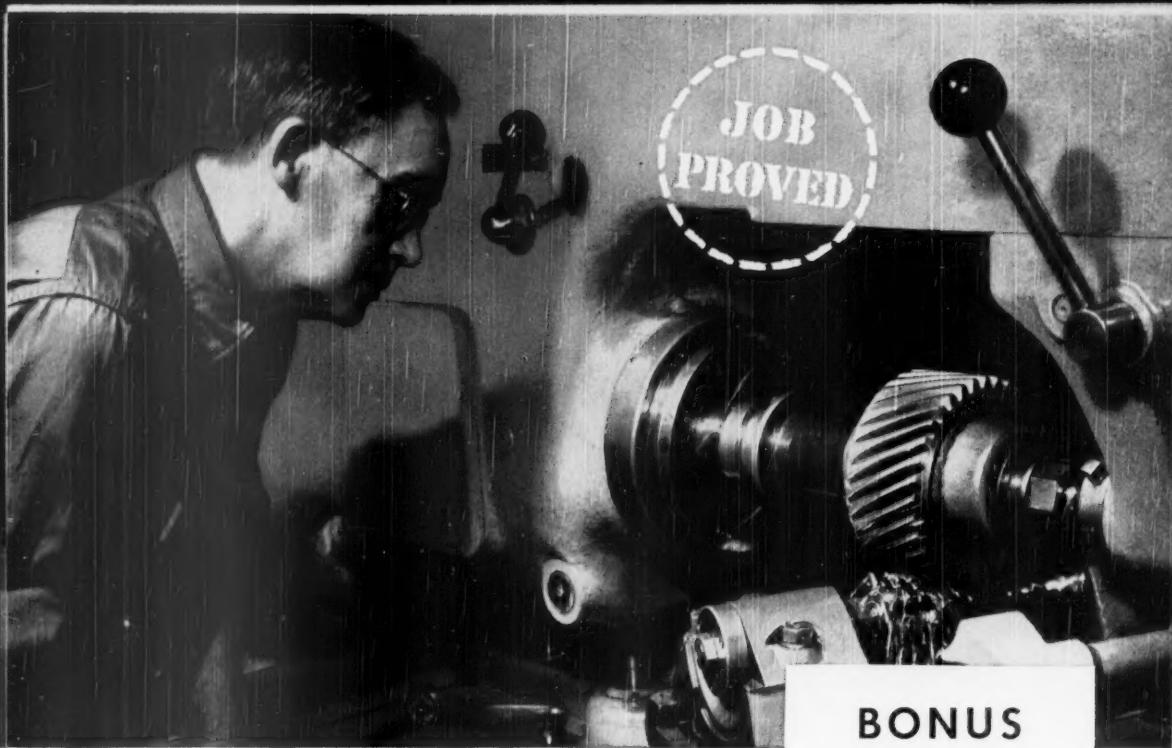
in your public relations?

- Do you address your business audience through a dingy window?
- Do you think that a sparkling, crystal-clear window would make a better impression?
- Do you think that such a window is worth a dollar-a-thousand more—is a bargain in public relations?

If the answer is *yes* to all three, tell your stationery supplier that you want Lumarith (acetate) windows in your next order of business envelopes. Celanese Corporation of America, Plastics Division, Dept. 29-E, 180 Madison Avenue, New York 16, N. Y. In Canada, Canadian Cellulose Products Ltd., Montreal.



\*Reg. U. S. Pat. Off.



## IMPROVING MACHINE TOOL OPERATION RESULTS IN ADDITIONAL BENEFITS

### Cutting Oil Change Also Improves Working Conditions and Reduces Inventories

Changing to the right cutting oil in machining operations can bring surprising results. Take this case history, for example.

A manufacturer of heavy-duty trucks was blending various oils to make three different cutting fluids for use on machine tools turning out alloy steel parts. Results were far from satisfactory. In some operations, the oils gave off smoke and objectionable odors; in others, tool life was short, and finishes frequently did not meet the company's high standards. Employees blamed the cutting oils for skin irritations.

With the primary objective of improving machine operation, the shop asked a Sun Oil Company representative for suggestions. After careful study, he recommended that all three fluids be replaced with one "Job Proved" Sun cutting oil, and the manufacturer agreed.

Two years have passed without any cutting problems traceable to oil. Finishes now meet the manufacturer's quality-control standards. In one instance the improvement permitted the elimination of a grinding operation. Tool life is up as much as 50 percent. The first year more than \$8,000 was saved in cutting oil costs alone. Further savings came from increased production, longer tool life, diminished scrap, simplified oil handling, and elimination of blending operations.

It just goes to show what sound advice, backed by good products, can mean in dollars and cents and in employee relations.

For help in the solution of metalworking lubrication, processing, or combustion problems, call or write the nearest Sun Office.

**SUN OIL COMPANY** • Philadelphia 3, Pa.  
In Canada: Sun Oil Company, Ltd., Toronto and Montreal

### BONUS

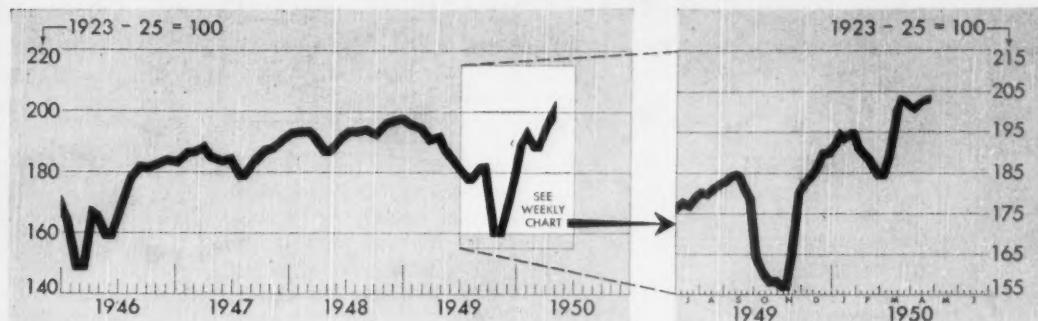
A problem which appears to be merely one of machine operation often presents many bonus opportunities. The solution may show there was much more wrong than appeared on the surface. For example, changing to the right cutting oil can improve finishes, step up output, and lengthen tool life. But the surprising thing is what the change frequently does to improve shop conditions, simplify inventories, and lower oil costs—all of which adds up to increased profits. With this in mind, Sun industrial products salesmen are trained to take a broad view of every problem on which their advice is sought.



**SUN PETROLEUM PRODUCTS**



# FIGURES OF THE WEEK



Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
*204.7	†204.5	203.3	191.0	162.2

## Business Week Index (above) . . . . .

### PRODUCTION

Steel ingot operations (% of capacity) . . . . .	100.2	100.3	96.8	97.3	97.3
Production of automobiles and trucks . . . . .	146,554	†151,613	139,821	136,433	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$34,709	\$36,953	\$39,745	\$22,530	\$19,433
Electric power output (million kilowatt-hours) . . . . .	5,902	5,846	5,912	5,304	3,130
Crude oil and condensate (daily average, 1,000 bbls) . . . . .	5,014	5,026	4,873	4,980	3,842
Bituminous coal (daily average, 1,000 tons) . . . . .	1,858	†1,893	2,085	1,919	1,685

### TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars) . . . . .	75	73	71	73	86
All other carloadings (daily average, 1,000 cars) . . . . .	46	45	48	56	52
Money in circulation (millions) . . . . .	\$26,962	\$26,992	\$26,969	\$27,356	\$9,613
Department store sales (change from same week of preceding year) . . . . .	+5%	-19%	+1%	-10%	+17%
Business failures (Dun & Bradstreet, number) . . . . .	186	188	198	204	228

### PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Mar. . . . .	166.5	169.5	105.2		
Spot commodity index (Moody's, Dec. 31, 1931 = 100) . . . . .	369.2	364.9	356.8	343.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	222.0	221.4	218.8	231.8	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	314.3	310.3	304.4	286.0	146.6
Finished steel composite (Iron Age, lb.) . . . . .	3.837e	3.837e	3.837e	3.705e	2.396e
Scrap steel composite (Iron Age, ton) . . . . .	\$31.08	\$29.58	\$28.83	\$23.08	\$19.48
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	19,500e	19,500e	18,500e	19,100e	12,022e
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$2.31	\$2.31	\$2.30	\$2.25	\$0.99
Sugar (raw, delivered New York, lb.) . . . . .	5.67e	5.60e	5.47e	5.74e	3.38e
Cotton (middling, ten designated markets, lb.) . . . . .	32.73e	†32.66e	32.04e	32.86e	13.94e
Wool tops (New York, lb.) . . . . .	\$1,868	\$1,840	\$1,871	\$1,538	\$1,281
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	25.50e	24.67e	20.96e	18.45e	22.16e

### FINANCE

90 stocks, price index (Standard & Poor's Corp.) . . . . .	143.6	142.0	138.5	117.5	78.0
Medium grade corporate bond yield (Baa issues, Moody's) . . . . .	3.24%	3.23%	3.23%	3.45%	4.33%
High grade corporate bond yield (Aaa issues, Moody's) . . . . .	2.60%	2.60%	2.59%	2.70%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average) . . . . .	11-12%	11-12%	11-12%	11-12%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	11-12%	11-12%	11-12%	11-12%	1-8%

### BANKING (Millions of dollars)

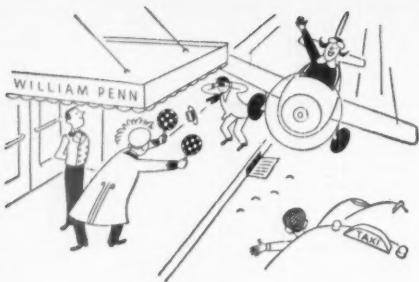
Demand deposits adjusted, reporting member banks . . . . .	47,136	†46,656	46,162	46,175	††27,777
Total loans and investments, reporting member banks . . . . .	66,515	†66,696	66,563	61,315	††32,309
Commercial and agricultural loans, reporting member banks . . . . .	13,474	†13,574	13,790	14,162	††6,963
Securities loans, reporting member banks . . . . .	2,427	2,279	2,258	1,945	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks . . . . .	35,931	†36,177	36,118	32,951	††5,999
Other securities held, reporting member banks . . . . .	5,670	†5,658	5,559	4,354	††4,303
Excess reserves, all member banks . . . . .	670	560	500	528	5,290
Total federal reserve credit outstanding . . . . .	18,141	17,928	18,144	21,705	2,265

\*Preliminary, week ended Apr. 29.

††Estimate (BW—Jul. 12 '47, p 16).

‡Revised.

§Date for "Latest Week" on each series on request.



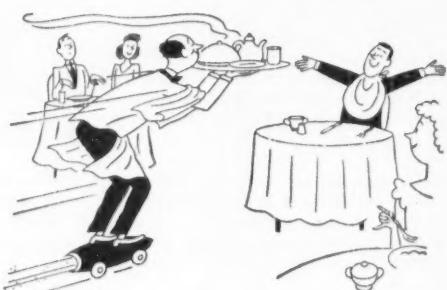
1. Peerless Pete, the Pilot, planed in to Pittsburgh late. He landed at the William Penn, and cried: "I've flown this crate from dawn to dark, but I know here I'll find a good night's rest. At Statler's Hotel William Penn you really are a guest!"



2. Pete made a perfect landing on the peerless Statler bed. "There's not a jounce or jar or bump," the weary pilot said; "eight hundred built-in springs and more bring sleep so deep and quiet, it's restful comfort at its best—if it had wings, I'd fly it!"



3. "When flying weather's cool and dry, I like it best," said Pete, "but *warm and wet* in Statler's bath is also quite a treat. Hot water soaks the aches away, there's soap in big supply, and stacks of towels, fluffy white, like clouds in summer's sky."



4. "This Statler meal is 'on the beam,'" cried Pete. "It hits the spot. You sure serve generous portions, mighty good, and piping hot. For food that's cooked exactly right, the Statler's unexcelled. The service, too, is deft and swift—are waiters jet-propelled?"



5. An evening at the William Penn pleased Peter and his date. Soft lights, sweet songs, a famous band—no wonder they stayed late. "A tip to travelers!" Peter cried, "and no misunderstanding . . . just head for Hotel William Penn, and find a *Happy Landing!*"



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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
MAY 6, 1950



**The news on U.S.-Russian friction sounds more warlike than it is.** Tension is still high. There's no mistake about that. But developments look more like an intensification of the cold war, by both sides, than the preliminaries to any deliberately planned shooting war.

**The arms race will be stepped up by the U.S. and its allies.** This could excite Russia and precipitate a real crisis. But officials think the odds are against that. Rather they feel that the chances of peace will be improved by a show of strength intended to keep Russia from overreaching, either in Europe or in Asia.

**You are getting the early moves to step up armament in Congress now.** Note that action this week by the House Defense Committee to authorize a \$350-million naval expansion, including experimental atomic-powered submarines, plus new and modernized surface ships to handle "Buck Roger" weapons. Truman has lifted the \$13.5-billion budget ceiling to allow at least \$350-million more for war planes. The draft machinery will be retained.

**The future scope of the rearmament program will become clearer at the London meeting this month of the Atlantic Pact nations.** A joint plan to raise the level of pact strength is in the making, and defense responsibilities are expected to be allotted along these lines:

- France, the Netherlands, Belgium, and Italy will supply the bulk of the ground troops for the defenses of western Europe.
- Britain will concentrate on air defenses, with fighters, interceptors, and light bombers, and supply the bulk of the shipping.
- The U.S. will put its emphasis on heavy bombers, atomic weapons, and naval strength to keep the sea lanes open.

**Rearmament will be costly.** But the official attitude is that it is a burden that must be shouldered if Russia is to be halted. It's sort of a third step in the postwar rebuilding: First came relief, then economic recovery, and now military recovery. Each nation will share part of the cost, but demands on the U.S. will be disproportionately heavy. We have the greatest economic strength, and we are the arsenal.

**Business effects won't be fully felt this year.** The plans to boost the U.S. Air Force and Navy, though, will show up fairly soon. Arms to Europe under the existing aid program will flow faster. But the big bulge won't come until next year. That's when officials think the rise in arms spending will really begin—and amount to extra billions.

•

**Truman's small business aid program will get going in Congress this month.** But it probably will be July before final decisions come, and a bill is put through.

**Insured bank loans,** with a limit of \$25,000 or less, have strong backing in Congress and chances are good that they will be voted.

**The capital bank idea** to supply equity financing has less appeal. Small business groups consider it a poor second to easier loan money.

•

**Business optimism is rising inside the government.** The April pickup

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
MAY 6, 1950

was stronger than the forecasters expected. The big gain in employment and continuing strength in steel, autos, construction, etc., have about succeeded in persuading government men that any fourth-quarter slide will be slight.

**This makes a friendlier attitude toward business**—tends to keep down the election year heckling which would be bound to come with any recession.

•

**A cut in the 40-hour work week** may become a future Truman policy. It's under consideration now, but won't be proposed to Congress so long as chronic unemployment keeps below the 5-million level. Officials calculate that a cut to 37½ hours would make 2-million jobs.

**The St. Lawrence Seaway** is getting more and more business backing. Midwest industry sees it as a cheap route to the East at a time when rail rates are high. Steel makers, especially, are going for it as the way to tap Labrador iron ore. Sentiment for it is growing in Congress, too, but probably won't be strong enough to force action this year.

•

**Butter will be the next price support "scandal."** Uncle Sam is buying heavily to keep prices up. The government has sunk \$70-million in 120-million lb. so far, and the end is nowhere in sight.

**The butter industry is worried.** It would take a lower support. It fears public resentment, and besides, the margarine tax goes off in July. But the government is reluctant to cut butter prices. This would mean lower milk prices—and a howl from the farmers.

•

**Congress will look into it**, in hearings which the House Agriculture Committee plans to hold on various schemes (other than Brannan's) to support prices of perishables. But the chances for any action are dim. It looks like the potato story all over again: losses to the taxpayers running into millions from waste and spoilage.

•

**One word of caution on this week's primary results:** It's always risky to read national trends into local elections. But there's no doubt that the Fair Deal and its labor allies got their worst jolt since 1948, when Republicans captured the House.

**In Florida**, Sen. Pepper was picked off by Rep. Smathers in the contest between Democratic right and left wings. Labor had supported Sen. Pepper.

**In Alabama**, anti-states' righters failed to wipe out the threat of another bolt for Truman when 1952 rolls around.

**The results will put zest into the congressional campaigns.** Republicans now are claiming for the first time that things are moving their way and that they have a chance to effect a comeback in the congressional elections this fall.

**Truman's theme on his cross-country swing:** Elect men to the House and Senate who will support me, and I will keep the nation prosperous and at peace. Truman's stake is high. Unless he gets a "willing" Congress in November, he faces two more years of stalemate.



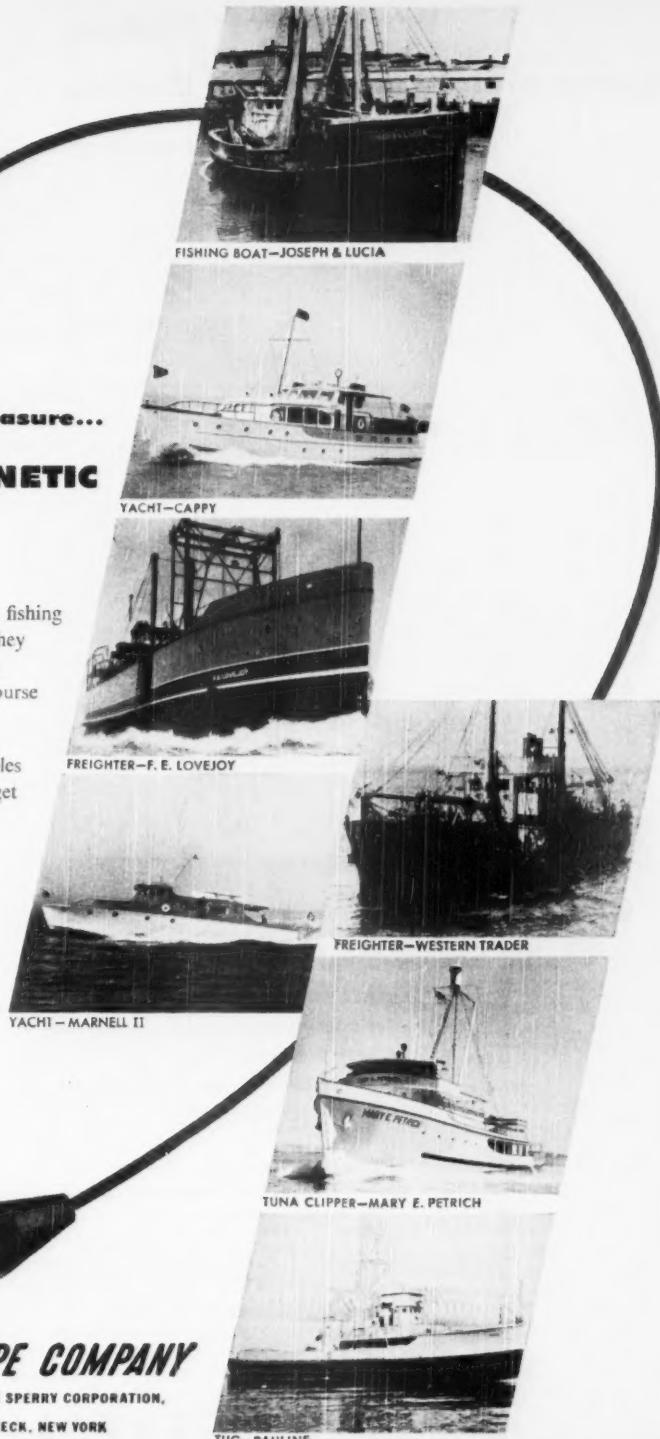
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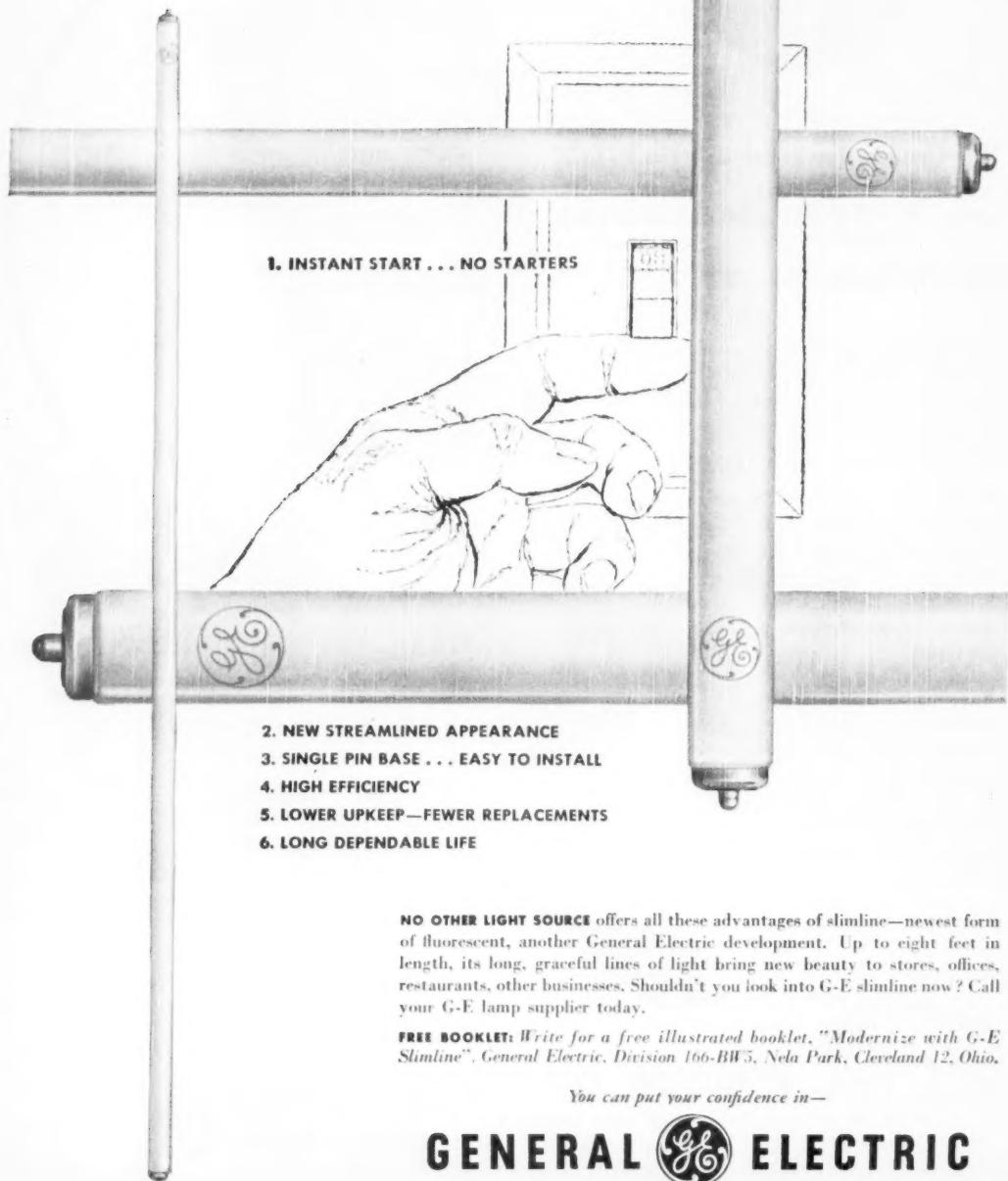


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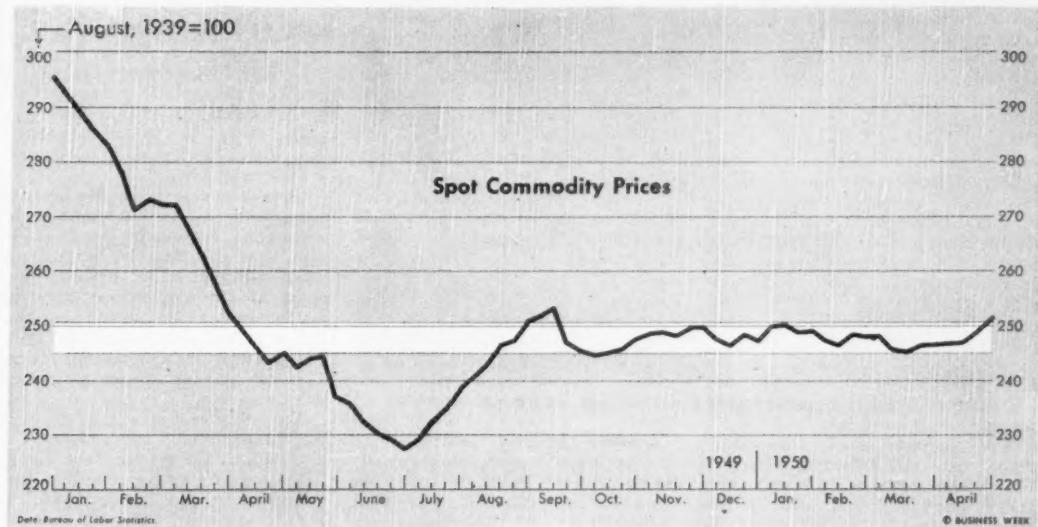


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## Prices Begin to Point Up Again

Rising production combines with federal spending and support policies to push prices off their old plateau.

This is the year that prices were supposed to go down. When the economists wrote the script for 1950, they specified, "More competition, more productive capacity, generally falling price levels."

But prices aren't going down. They are going up. You can even spot a firmer tone in the unresponsive wholesale and retail markets. And if you look at the basic raw material markets, you can't miss it.

• **Another Ride?**—This doesn't necessarily mean that we are off for another ride on the inflation merry-go-round. The U. S. isn't yet using either its plant or its manpower to the limit. And you don't get real inflation when you still have some slack in the system.

But the sudden pickup in prices raises a fundamental question: Can we maintain a high-production, high-employment economy without having a chronic bias toward inflation? Will industry, when it is operating full blast, always chew up materials so fast that prices will keep edging upwards?

In any case, businessmen will want to watch the price trend from here on with a wary eye. If prices are going up,

business in general will have to take another look at its policies on inventories and forward contracts. And many a company will have to change its estimates of costs and profits in 1950.

• **Federal Policies**—One big reason for the new strength in prices—especially raw material prices—is the federal government. Washington is now bolstering the price structure in at least four different ways:

(1) By direct support of farm prices;  
 (2) By stockpiling strategic materials (many of which are basic industrial commodities);

(3) By running a deficit, thus feeding more purchasing power into the whole economic system;

(4) By spending heavily on construction and military procurement, thus swelling the total demand for goods and manpower.

• **Emphasis on Hardgoods**—Much of the military spending is concentrated on hardgoods. Something like \$2.8-billion is already ticketed for military "hardware" in the fiscal year ending June 30, 1951. And Congress is ready to boost this item by at least another \$350-million.

Of course, \$350-million isn't much on a \$42-billion national budget. But it amounts to almost a 15% boost in expenditures for aircraft and munitions. That, in turn, means a new strain on supplies of steel, copper, zinc, lead, aluminum, tin, and rubber.

• **From Spot to Retail**—Prices of all these materials have been steady to strong. An index of sensitive spot commodity prices last week bounced up to the highest level since before Britain's devaluation in October. And an index of slow-moving wholesale prices knocked out a gain of  $\frac{1}{2}$  points—or almost 1%—in the seven days ended Apr. 25. That was the widest gain in more than a year for this lethargic series.

As a matter of fact, the price rises aren't confined to the spot and wholesale markets. There was a minute rise in the cost of living from February to March (BW—Apr. 29 '50, p108). The cost of food was the main reason for that. And, over the last week, if you were looking, you could see that retail prices of meats, furniture, gasoline, carpets and rugs, grains, and fats and oils all were going higher.

Competitive forces may yet rule out a price spiral. This flare-up may not carry any farther than last year's June-September rise. But, in any event, it's a definite break in the squiggly flat-line

pattern that prices have traced in the last six months (chart, page 19).

• **Still Up**—Right now, most signs still point up. Industry apparently drew down too far on inventories last year. Strikes in such basic industries as steel and coal have made it hard to stock up again. And the vigor of the business upswing has pushed demand for raw materials beyond most expectation. Prices of copper, lead, zinc, tin, and steel scrap all have gone up in the last few days (BW-Apr. 29'50, p10).

That's a kind of hen-and-egg proposition. Good business makes good prices, and good prices make business seem even better.

• **More Government Buying**—On top of all this, there is going to be a step-up in buying by government. Defense Secretary Louis Johnson went up Capitol Hill last week to ask for \$558-million more. Right off, the House Appropriations Committee approved contract authority for \$200-million of army aircraft, \$100-million of navy aircraft, and \$50-million for converting surface craft for anti-submarine duty.

And that may not be the ceiling. Armed Services Committee Chairman Carl Vinson has a bill in the hopper calling for \$583-million boost in the defense budget. All of it would be spent for what Washington now is calling hardware. And Washington's "hardware" competes directly with civilian machinery and appliances for raw materials, particularly metals.

• **Already Tight**—Right now, there seems to be enough demand to snap up all available supplies of many raw materials without any further government contracts. Here's how the picture shapes up in some of the main markets:

**Nonferrous metals**—Even long-depressed lead has come very much alive and has joined the price procession. Buyers are shopping so eagerly for copper and zinc that producers, if they are willing to open their books, can sell all they will be able to turn out right through to the end of June.

**Steel-making scrap**—The scrap price, which generally is rated a pretty good barometer of the steel industry, started rising early this year. Iron Age's composite price has gone from \$26.25 to above \$31 a ton (a year ago, it was slumping from \$43 to below \$20 a ton).

**Rubber**—After selling around 10¢ a lb. a few months back, natural rubber has bounced to nearly 25¢. Sooner or later, the price of 18½¢ a lb. for synthetic will blow the whistle on this runaway. But it takes synthetic plants a little time to push up their production.

**Wool**—Our own production has fallen way off, forcing increasing reliance on imports. Towering prices may gradually cause some shifts, too. One is on the way—in men's summer suiting where rayon is gaining fast. New York

garment circles murmur that some big worsted manufacturers are not even planning to offer summer suiting for 1951.

**Cotton**—We have been spinning enough for home use and shipping enough abroad to make the cotton market look healthy. With the government impounding the still-large surplus, the price has risen to 32¢ a lb., close to 5¢ above the government loan level. But rayon is cutting in. You can see this most clearly in fabric for tires where cotton, once supreme, is now becoming an increasingly poor second.

**Wheat**—The surplus stands at about 450-million bu. as the new harvest nears. But the government owns or has contracted to buy virtually the whole supply. So prices have lately been commanding a premium over support levels.

**Soybeans**—A similar government-managed corner has run the price up from about \$2.60 a bu. a few weeks back to over \$3. Market supplies have been cleaned up by government-financed exports.

**Lumber, building materials**—The housing boom creates its own pricing pressures. Lumber and some other building materials have been marked up already. More general price rises are expected this summer.

**Home furnishings**—Rugs and carpets are up sharply. A year ago, the carpet people were in the doldrums with prices tumbling; this year, they can hardly keep up with demand, and prices have had a whole series of boosts.

## Auto Bootlegging

There are two kinds of car bootlegging deals still being worked now—and they're both-ering new-car dealers.

A couple of months ago, the nation's new-car dealers voted bootlegging their No. 1 headache (BW-Feb. 18'50, p48).

This week, a look around the country showed that bootlegging is still a problem—in some areas.

• **Types**—There are really two kinds of bootlegging. Most troublesome is the prewar kind, back again. Here, a dealer with more cars than he can sell unloads his surplus at cost or a very short profit. The bootlegger-buyer takes the cars to a market where demand is higher and sells them at less than list price. This is tough on the franchised dealers. They get cut-price competition from a seller who hasn't their high overhead.

The other kind is simply the post-war "black market"—still hanging on in a few areas. The most popular models—the ones with long waiting lists—turn up mysteriously on "new-used" car lots at prices above list. (A lot of people still seem to be willing to pay premiums for immediate delivery.)

Here's what's going on in some major areas:

• **Detroit**—Bootlegging rings find Detroit one fairly steady source of supply. One dealer got an above-quota ship-



### Newest Giant: This One Goes 110 m.p.h.

The fastest and most powerful two-unit diesel locomotive ever built. That's the claim Fairbanks, Morse & Co. makes for this 4,800-hp. giant, recently tested between Chicago and Sturtevant, Wis. The new

Fairbanks-Morse locomotive is 20 tons lighter and 29 feet shorter than earlier 4,500-hp. two-unit models. The company says it has a top speed of 110 mph., and can haul 28 passenger cars.

ment of 80 Cadillacs recently—he said they were ordered by an Illinois car-rental outfit. The dealer actually turned the cars over to a bootlegger for about half his usual profit. They were all later resold in the San Francisco area.

• **San Francisco**—Bootlegged Cadillacs are turning up, and there are plenty of new Buicks on used-car lots—some selling for as much as \$350 below list price. They come from eastern dealers who can't move them. But black-market-type deals are now being made for cars in the low-priced class. Three months ago, one big rental agency was buying Fords and Chevrolets in the East for about \$50 above dealer's cost. Today, this same company says it must pay more—but still only \$125 above cost.

• **Pittsburgh**—When dealers here were hard-pressed by steel and coal strikes, they were among the first to unload cars in the West and Southwest. But now with business picking up again, Pittsburgh has faded for bootleggers.

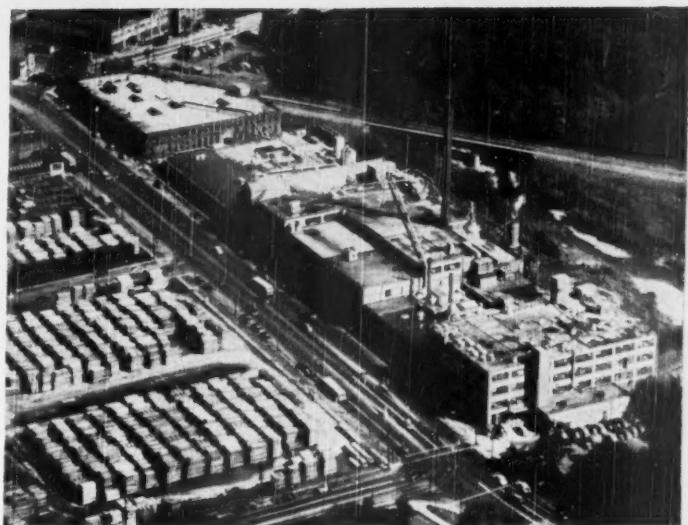
• **Chicago**—This seems to be the headquarters for some large-scale bootleggers. A "buying syndicate" from Aurora, Colo., placed an order with a Ford dealer last week for 200 or more cars. This group is one of several organizations that sells a variety of merchandise—including cars and appliances—to "members" at a discount. Several new "rent-a-car" operators have opened up in Chicago recently, and most of them seem to be buying more cars than they need for their businesses. The extra cars, presumably, go into bootleg channels. But there are still cases where customers are paying premiums to used-car dealers for "new-used cars."

## War Baby Jack & Heintz Shows Peacetime Profit

War baby Jack & Heintz Precision Industries, Inc., Cleveland, thinks it is out of the woods at last. President Frank R. Kohnstamm reported last week that Jahco has had its first profitable quarter since 1947. The company earned \$246,000. It lost \$2.7-million in 1949.

Jahco made production records and big profits as a wartime maker of aviation accessories. In 1946, its founders sold the company to a group of investors headed by ex-Chrysler executive Byron C. Foy. But the Foy management couldn't get Jahco going on a profitable peacetime basis. It finally called in Cleveland management expert Robert Heller (BW—Sep. 25 '48, p89).

Kohnstamm, a Heller man, revamped management, cut down manufacturing facilities, got rid of some unprofitable lines. The upsurge in government aircraft orders helped. About 75% of Jahco's business is aircraft accessories.



FENCED IN: Present Formica plant is hedged by streets, tracks, and a creek.

## Formica Bursts Its Seams

**Maker of laminated plastics is so cramped it can't turn out the goods it wants to. So it has launched a \$7-million expansion. First step: a \$1-million plant in a brand-new site.**

What do you do if you're boxed in and are using every inch of space in your box? You move.

At least that's what Formica Co., of Cincinnati, is doing. This husky maker of laminated plastics is in a particularly tight box. A main thoroughfare hems it in on one side; other property, a railroad track, and a creek, finish the job. Formica couldn't even build extra floors and expand upward—not without tearing up its present foundations.

• **Only Out**—So Formica has done the only thing left. It has gone in for a \$7-million expansion on a new site, will start breaking ground in June for the first unit—a \$1-million, one-story industrial plant.

Plenty of companies have been in Formica's predicament since the war. Wartime and postwar booms crowded their capacity till plants were bursting out at elbows and knees. Many, of course, had allowed growing room in their old plant sites. But only the lucky had allowed as much as they needed. Some companies were better off than Formica; they could spread out into nearby areas.

The new plant is going up on a 125-acre site, north of Cincinnati. When it's built, Formica will have 100,000 sq. ft. of additional floor space. There will be room for about 200 of the company's 1,500 employees. And production po-

tential is expected to rise 25% to 30%.

• **For Mica**—Some 35 years ago, Formica wouldn't have believed its main trouble would be cramped quarters. The company started back in 1913, when D. J. O'Conor, a Westinghouse engineer, got interested in the idea of using synthetic resins as insulating material. Before then, mica had been the main insulator. O'Conor went into partnership with H. A. Faber, a Cincinnati engineer, to make a product that could be used "for mica." Today, O'Conor is president of the concern, Faber is chairman.

After two years, the partners were sick of their bargain. They would have sold out for \$10,000 if they could have found any takers. Then came World War I, and the picture changed.

• **Boom!**—In the early 20's, Formica ventured into the field of decorative laminated plastics. This really turned into big business in the 30's, when synthetic melamine resins, for colors and patterns, came along.

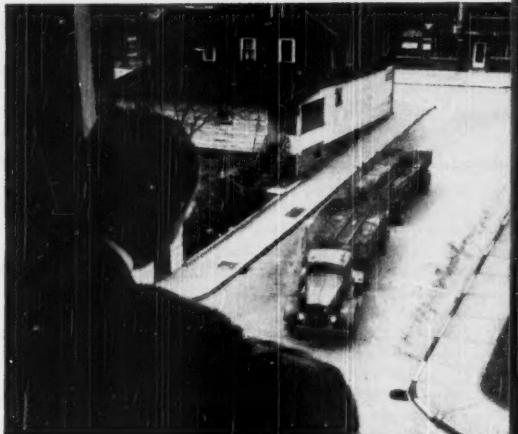
World War II gave Formica another big upward shove. The company developed "Pregwood" for airplane propellers, made tubes for incendiary bombs, insulation materials for ships. Formica still makes breaker arms for auto ignition systems.

For the past two years, annual sales totaled almost \$14-million, in decorative and industrial products.

## Sharon Steel Corp. Trucks Its Own

When Henry A. Roemer, president of Sharon Steel Corp., looked out his office window one day late in 1946, he saw a huge truck pulling up to the plant gate. It was Sharon's own truck, returning from Detroit, and it was empty (picture, right).

Today, Sharon's trucks still haul steel to Detroit, but they don't come back empty; they haul a return payload of scrap. And despite the new cut in rail rates, Sharon expects to keep right on trucking steel one way, scrap the other. Sharon's reasoning? See main text.



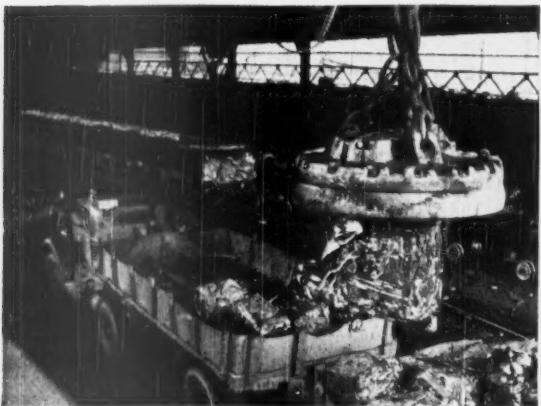
1 It all started when Henry A. Roemer, Sharon's president, saw one of the company's steel-hauling trucks returning empty from Detroit.



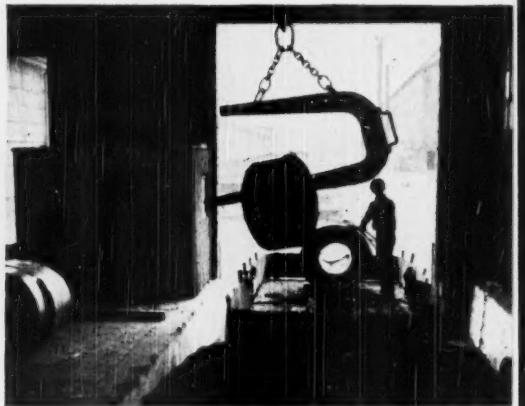
4 An hour out of Detroit, the scrap-laden truck meets another, loaded with steel, headed for Detroit. Sharon operates 22 trucks.



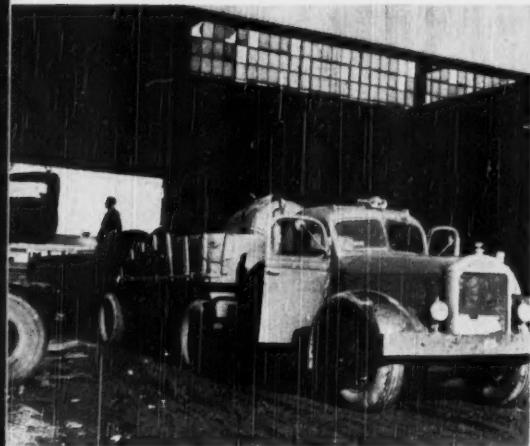
5 The two drivers may stop in together at a roadside diner—for respite, a conversation, a snack—and a whirl at the slot machines.



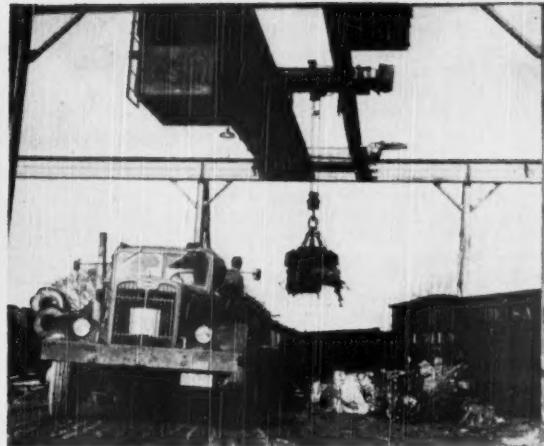
8 The scrap is unloaded, to feed Sharon's 14 open-hearth furnaces. The setup was a godsend in the scrap-short days in 1947.



9 And then the cycle starts all over again: The truck loads up with 46,000 lb. of steel strip for the trip back to Detroit.



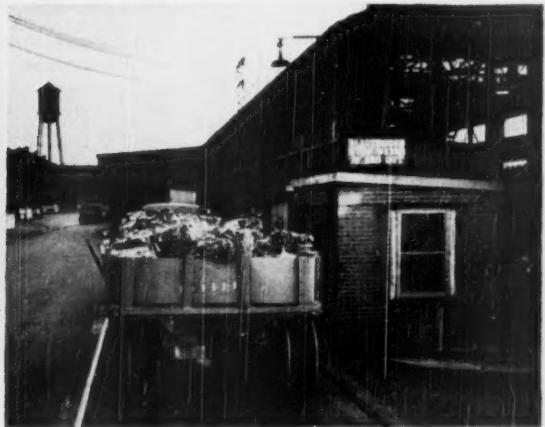
2 Today, a Sharon truck arrives at Detroit Steel & Tube Co., Sharon subsidiary, and unloads steel from the home plant at Sharon, Pa.



3 Then it loads up with scrap for the return trip. Some of it is plant scrap; the rest is purchased, mostly from the auto industry.



6 At Norwalk, Ohio, 4½ hours from Detroit, the driver turns over the truck (and the logbook, required by ICC) to a new driver.



7 The new driver takes the truck to Sharon's home plant, which takes another 4½ hours. There he weighs in, to check the load.

## Steel By Truck: The Rails Fight Back

The railroads are fighting to get back some of the business they have lost to trucks. The rate cut on certain steel items that went into effect this week is no "paper rate." It's a real competitive rate—and the truckers know it.

It isn't just the common-carrier trucks that have been taking the rails' steel business. Some steel companies—such as Sharon Steel Corp. (pictures, above)—bought their own trucks to carry their own steel.

The truck lines started chewing into the rails' steel-carrying business right after the war. The reason: cost. Rail rates have gone up sharply since the war; although truck rates have risen too, they have not gone up so much.

Besides, the shift in steel pricing from

basing points to f.o.b. mill in 1948 gave the trend to trucks a big boost. In the old delivered-price days, the steel mills themselves decided on the method of shipment, since they paid the freight bill anyway. And they were inclined to prefer the railroads despite the cost differential because their mill facilities are much better adapted to shipment by rail.

But since the pricing shift, the steel consumers pay their own freight bills—and they are sufficiently cost-conscious in many cases to demand the cheaper trucks (or barges).

Back before the war, the railroads carried perhaps two-thirds of all steel sheets. By last fall, the rails' portion had dropped to about 20%. By early

this year—not more than three or four months later—it was down to 10%. The same pattern showed up in strip, in small-diameter pipe, in other items adaptable to shipment by truck. Of course, on such steel products as heavy shapes and plates, the rails maintained their grip. But over-all, one railroad executive told the Interstate Commerce Commission, trucks had got to the point where they were carrying "more than half" of the steel shipments in the East, whereas railroads used to carry "practically all of them."

So about two months ago, the eastern railroads proposed a cut of 25%, effective May 1, in the rates on certain steel products—including sheet, strip, bars, small pipe and tubing, and various

kinds of wire, tinplate, and template. The move caught the truckers with their tailgates down. Months before, they had applied to ICC for, and obtained, a 20% boost in their steel rates, which was to go into effect May 1. When the rails filed their new tariffs, the truckers opposed it. They argued that their boost, plus perhaps a 10% cut in rail rates for steel shipments, would bring the two sets of rates into line. But late last month, ICC O.K.'d the railroads' 20% cut without even so much as mentioning the truckers' compromise plan.

The truckers immediately got ICC's consent to postpone their own rate boost until June 1. And this week, they met in emergency session in Cleveland to decide on plans for their long-term strategy.

• **No Rate Cut**—Their decision: They will not cut their rates. In fact, in many cases, they will raise them. On 20,000-lb. shipments, for instance, they are going to let the full 20% rate boost go into effect. (Since the rail-rate cut applies only to fully loaded cars of 80,000 lb. minimum, even the new truck rate will be substantially lower than the rails' l.c.l. rate, which is the one that counts on such small shipments.)

On 32,000-lb.-minimum shipments, the truckers will let their old rates stand—except that when these are lower than the new rail rate, they will be raised to match. Thus the new rail rate from Cleveland to Detroit will be 25¢ a cwt., down from 37¢. The present truck rate is 23¢; it will go up to 25¢.

• **Truckers' Loss**—The for-hire truckers figure they will lose 25% or a bit more of their total volume. Mostly, this will be steel for the big users, who have storage and money enough to buy in carload lots. They think they will still keep most of the business of the small steel consumers, because even with their 20% rate hike they still have a big advantage over the rails' l.c.l. rates. And they figure that, because of that rate hike, their total revenue loss will be much less than the 25% loss in gross volume.

• **Special Cases**—In some cases, the new rate setup will have no effect at all. Take Sharon Steel Corp., for instance. Since 1946, Sharon has operated its own fleet of 22 trucks, carrying steel to Detroit and scrap back to Sharon and Farrell, Pa. Regardless of what happens to rates, Sharon will continue to operate its fleet. For one thing, it figured it was saving money on the westbound steel shipments alone—which means that it was moving the scrap for nothing. For another, it has plenty of money invested in its truck fleet. And finally, the trip from Sharon to Detroit can be made in only nine hours by truck, compared with a minimum of three or four days by rail.

## "You and I Clearly Disagree"

That's what Ben Fairless told Rep. Celler in hearings on Big Steel. He said plenty more about his company's operations, stood pat on grounds that in U.S. Steel's case bigness spells efficiency.

U.S. Steel—Mr. Big of big business—kept another date with a congressional committee last week.

As President Ben Fairless said a fortnight ago, "Our national capital has certainly been specializing on me. I've spent most of my time in O'Mahoney's doghouse; but next I move to Emanuel's cellar."

Emanuel, of course, is Chairman Celler of the House Judiciary Subcommittee on Monopoly Power. That's the body that is trying to find out just how big Big Steel is. The broader question is whether bigness in business is bad. And if it is, then is government regulation or breakup the cure?

There were no decisions. But there was plenty of give and take—mainly between Committee Counsel Edward Levi and Fairless. The thrust and parry went like this:

**LEVI:** In your judgment, would it be possible for a steel company to be efficient if it had only the Gary plant?

**FAIRLESS:** It would be a very inefficient steel plant. I would not want to own it or own any part of it.

**LEVI:** Is there any reason, from the standpoint of engineering efficiency, why the ingot plant in Alabama should be under the same management as Carnegie's Illinois and Pennsylvania plants?

**FAIRLESS:** They are operated as separate units.

**LEVI:** Well, is it important that their operations be coordinated with the operations in Pennsylvania or Illinois?

**FAIRLESS:** Very much so. Tennessee Co. [in Alabama] serves territory where the demand is not sufficient in certain products for it to afford an installation to make that product. . . . It is supplemented by other subsidiaries of the steel corporation. . . .

**LEVI:** Now, each subsidiary has a president, and all have plant managers and so on. Is that true?

**FAIRLESS:** That is right.

**LEVI:** Would you say that those are the people who run the companies?

**FAIRLESS:** Subject to supervision, yes.

**LEVI:** And what do you do?

**FAIRLESS:** Well, I am president of U.S. Steel Corp. . . . The function of the president is to coordinate the activities of the corporation and to supervise them and to report to the board of directors.

**LEVI:** If a subsidiary wishes to make

a price change, would that come to you for approval?

**FAIRLESS:** For approval, definitely.

**LEVI:** And would you say also that in developing a price schedule you make a thorough study of all the costs involved?

**FAIRLESS:** Certainly.

**LEVI:** And so once a labor contract, say, is signed, then you could immediately raise the price to take care of that?

**FAIRLESS:** Not necessarily raise them.

**LEVI:** I said you could if you wanted to cover those expenses?

**FAIRLESS:** We could, yes, but you have to compute something else with that.

**LEVI:** Would you do that?

**FAIRLESS:** If competitive conditions would permit us to.

**LEVI:** Now if competitive conditions would permit you to raise the price, but the increased expenses do not require it, would you raise the price?

**FAIRLESS:** No, not if our costs did not require it, which is another way of stating if our profits would be satisfactory.

**LEVI:** What is the advantage to your corporation of owning Oliver Iron Mining Corp.?

**FAIRLESS:** Well, about the same advantage as my right arm is to my body. How could we operate our steel properties if we did not own ore?

**LEVI:** And you think it would be impossible to operate if Oliver Iron Mining Corp. were separate and were selling ore competitively to all customers?

**FAIRLESS:** Absolutely.

**LEVI:** Why?

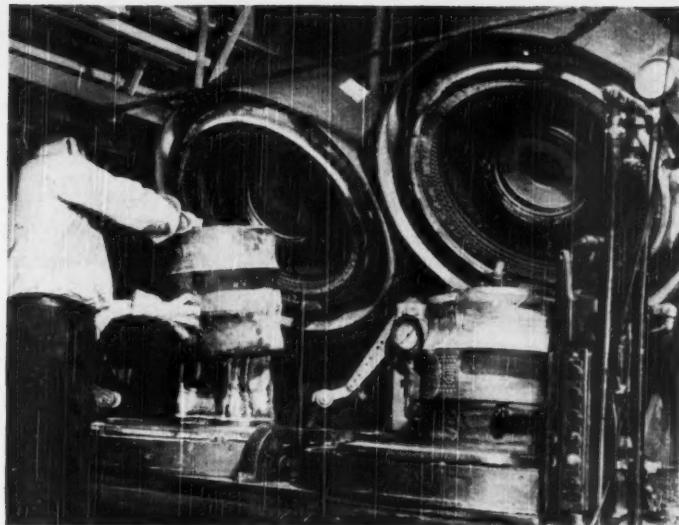
**FAIRLESS:** If we had to go out in the open market and buy ore, certainly we would not be competitive with the major steel companies who own their own ore and would continue to own their own ore, unless you are leading up to the point where all ore is divorced from all steel companies.

**CELLER:** If you are interested in your stockholders, why do you not separate Oliver Iron Mining Corp. from the operation of the steel company?

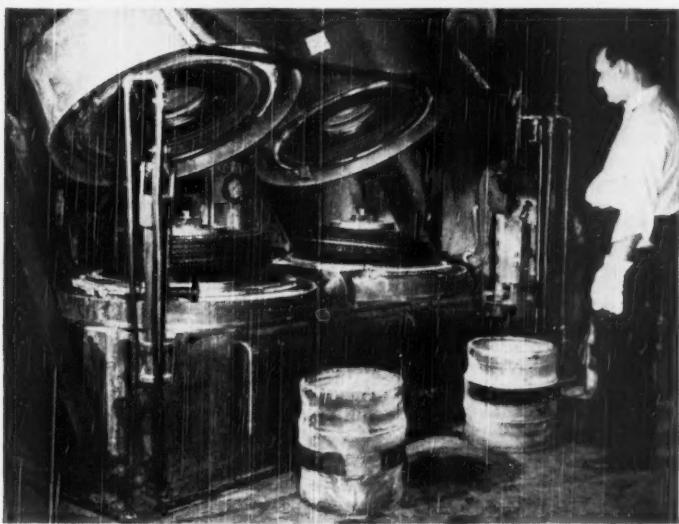
**FAIRLESS:** Why should we?

**CELLER:** Because I think it would be the proper thing to do because your company is getting too big.

**FAIRLESS:** Well, you and I clearly disagree. Otherwise I would not be here.



"GREEN" TIRE slips over collapsed Bag-O-Matic curing bag. When press closes, bag is pressed into the shape of inside of tire. Bag presses tire into mold.



DOME OPENS automatically, releasing cured tire. Bag is collapsed by vacuum to back original shape. So far Bag-O-Matic makes passenger tires only.

## Union O.K.'s Tire Machine

In Akron this week, tire-company executives began to sound like press agents. "The greatest advance in the industry in the last 25 years." "A revolution in the art of making tires," they said.

• **Quick Cure**—The cause for their excitement was a new machine, the Bag-O-Matic. This machine cuts almost in half the time that is required for curing tires.

In one automatic operation, it shapes an uncured tire, vulcanizes it, and lifts it from the mold. It replaces three machines with one. It triples capacity. And it can save a tire maker as much as 50¢ on every tire.

• **Handwork**—For all its high-flown production, the tire industry today still has a surprising amount of handwork on its production lines. This is particularly true in the first half of the tire-

making cycle—building up the plies of the tire.

The tire companies, of course, have worked out ways to get around this. In some of their southern plants, they have been able to install "merry-go-rounds"—tire-building machines with 13 or 14 stations where each man performs a separate operation. But in Akron, merry-go-rounds have been stymied—mainly because of union fears about speedups.

• **Acceptance**—With the Bag-O-Matic, it's different. United Rubber Workers officials say they aren't going to raise a finger against the new machines. "All we want is to share in the gains," one labor man said.

The industry doesn't know how far the union will carry its backtrack on automatic machines. But some URW people feel they made a mistake in keeping automatic equipment out of Akron in the first place. They say they realize now that the rubber business has to keep up with progress.

• **The Machine**—Bag-O-Matic is the development of McNeil Machine & Engineering Co., Akron, for years a builder of vulcanizing equipment. The company started work on the machine in 1946.

The first finished machine went into Goodyear Tire & Rubber Co. about a year ago on a test basis. Today, all the tire companies either have one or more machines in their plants, or have them on order. Price is approximately \$15,000, compared with \$10,000 for ordinary presses.

• **Operation**—In the conventional curing process, the tire arrives in a drum shape at the vulcanizing end of the plant. The first step is to run it through a pneumatic press which brings the rubber into tire shape. At the same time, an air bag, which looks like an extremely heavy inner tube, is shoved into the tire. The casing then goes to the vulcanizer, and after 35 min. to 45 min., the cured tire moves on to a debagging machine. There, iron jaws grab the curing bag and tug it out of the tire.

• **New Style**—With the Bag-O-Matic, the bagging, curing, and debagging is all done on the same machine. Key to the operation is a new curing bladder. When the dome of the machine comes down, the ends of the bladder are sealed. Pressure on the bladder then pushes the tire against the mold, into a round shape. Curing comes next, a 20 min. to 25 min. stint, or about half the time of the old process. Finally, the machine debags the tire.

• **Gradual Change**—No one expects the tire companies to switch to Bag-O-Matics overnight. The changeover will probably come as old equipment wears out (tire companies normally write off presses in 10 years).



MICHIGAN'S SEYFERTH used to lead labor. Now he leads U. S. Chamber of Commerce.

## CofC: New Boss, New Planks

Otto Seyferth picks up the president's gavel as U.S. Chamber of Commerce goes on record against antitrust law application. It wants fewer restrictions on venture capital, prices, and credit.

The U. S. Chamber of Commerce invaded Washington this week—2,500 members strong—for its 38th annual meeting. It dived into a grab-bag of problems, from antitrust laws to atomic energy.

In a jam-packed three-day convention, the chamber elected one-time union organizer Otto A. Seyferth of Muskegon, Mich. (cover), as president to succeed Herman W. Steinkraus. It adopted a weighty list of policy declarations; it heard a lot of talk from bigwigs, mostly about government in—or out of—business.

On policy, the chamber took a strong stand against sin—the sins of Soviet Russia abroad and those of government at home.

• **Antitrust Headache**—One of the things that weighed most on the convention's mind was concern over trends in the interpretation and application of the antitrust laws. Protection of consumers against unfair trade practices is getting too much stress, it felt; preservation of a free enterprise economy is getting too little.

CofC made these recommendations:

- Cut out dual jurisdiction of the Federal Trade Commission and the Justice Dept.;
- Make antitrust laws apply to labor organizations.

Some other policy votes included:

Price and credit controls—Against both, except in wartime.

Point 4—This is a job for private enterprise.

Venture capital—Government interference is a hindrance; so are some of labor's demands.

Natural resources—Against nationalization; for depletion allowances.

Location of defense industries—Let them disperse voluntarily.

Public finance—Balance the budget; end double taxation on corporate earnings; move toward ending the tax on capital gains; repeal all war-born excise tax increases.

• The President—Otto Seyforth, new CofC boss, is president and owner of the West Michigan Steel Foundry Co., Muskegon, Mich. He's also president of Austin Trailer Equipment Co. He started out as a machinist's helper, joined a union. Eventually, he became president of the trades and labor council for his community, and a union organizer.

But he wasn't content. A correspondence course provided the springboard to the management side. Starting out as a timekeeper, he moved to production manager. Then he got interested in banking and investment, and switched again. He learned business organization from the bottom. He traveled around the country putting ailing companies

on their feet until he landed in Muskegon, Mich.

In 1940, he was elected a board member of the U. S. Chamber and has served as chairman of its committee on labor relations.

## Maine Manganese

Bureau of Mines is trying to sell steelmakers on developing Maine deposits. So far, it has only one nibble.

Manganese is one essential industrial material that this country doesn't have a lot of. It's a vital ingredient in steel making—about 1-million tons a year is used. But practically all of it has to be imported.

The biggest share of U. S. manganese ore imports came from Russia in the past. More recently, Africa, India, and Brazil have been the big suppliers. But if the cold war gets any hotter, U. S. imports may be sharply curtailed. So the U. S. Bureau of Mines is trying hard to interest steel producers in developing manganese deposits in the U. S.—at Aroostook County, Maine.

• **Joker**—There's only one big catch. These Maine ore deposits are very low grade—only about 12%. And profitable extraction by present methods requires a manganese content of upwards of 45%. (Foreign ores run about that high.)

So far, the bureau has been unable to get any American producers to put any money into domestic manganese development. But it has one possible prospect—Republic Steel.

Republic is the only steelmaker that has yet shown any interest in the project. Republic metallurgists took a look at the deposits last fall, and said that they will take another look when the snow gets off the ground this summer. But they doubt that anything will come of it.

• **It Doesn't Pay**—Experts in the industry don't see how anybody in this country can afford to process the ore by present methods and come out ahead. And they don't know of any brand new processes that can do the job profitably.

So the way it looks now, it will take a shooting war—with imports completely cut off—before anybody will try to use the Maine deposits. That is, unless some researcher comes up with a new way to clean the metal cheaply.

Meantime, there has been some talk—among Maine boosters and real estate people interested in the ore deposits—about a new secret low-cost extraction process. But so far, no official word has come out about it.

# SINCLAIR.. REPORTS FOR 1949

**SALES AND NET EARNINGS** were the second largest in our history, exceeded only by the record year 1948.

**EVENTS OF 1949** reaffirmed the important truth that there is a virile, militant competition in the oil industry, and that our economic laws are still paying the highest rewards to the low cost producer.

**TRANSPORTATION**—We are now beginning to enjoy maximum benefits from our vast network of products pipe lines, which have required large capital expenditures, but which result in low operating cost. It is doubtful that any other company is in a position to do a more economical job in transporting raw material to refineries and then moving products to markets.

**MARKETING**—We are reducing marketing costs by withdrawing from high-cost areas,

and concentrating in low-cost areas. We are constructing a sufficient number of new and modern Sinclair service stations throughout our preferred marketing area.

**MANUFACTURING**—In manufacturing, Sinclair is also in an especially fortunate position from a cost standpoint. Supported by one of the best equipped research laboratories in the world, we will continue to make products of the highest quality at low costs.

**OUR GOAL FOR 1950** is to attain the most efficient and economical operation of the immense facilities we possess in the best interests of stockholders, employees and the public. The Company intends to continue to press forward its important program of increasing its own domestic crude oil production.

P. C. SPENCER  
*President*

## A TWO YEAR SUMMARY

	1949	1948
Net Income . . . . .	\$ 54,073,338	\$ 81,048,602
Working Capital . . . . .	192,670,120	187,922,695
Cash & Government Securities .	133,586,973	138,062,802
Stockholders Equity . . . . .	441,899,280	411,769,520
Book Value <sub>1</sub> Per Share . . . . .	36.90	34.38
Net Income <sub>2</sub> . . . . .	4.51	6.76

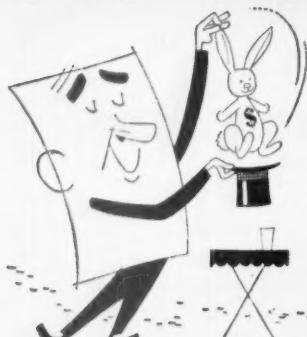
*Copy of the 1949 Annual Report will be sent upon request.*

**SINCLAIR OIL CORPORATION**  
630 FIFTH AVENUE • NEW YORK 20, N. Y.

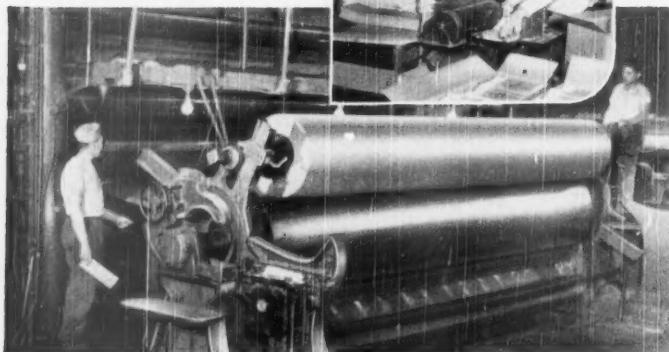


**SINCLAIR**  
*A Great Name in Oil*

THE OREGONIAN YOUR BEST BUY TO SELL IN OREGON



## PAPER MAKING produces PROFITS ...to provide business for you!



### AMERICA'S HIGH LIVING

**STANDARD** is typified in the myriad articles from Oregon wood pulp. From prosaic kraft bags to colorful tissue wraps for West Coast fancy fruits, Oregon-made paper products are sold and used the world over.

### HUNDREDS OF NEW USES

for paper assure an ever-larger income for Oregon citizens. The nation's steadily increasing per capita paper consumption of 350 pounds annually reflects the potential for Oregon pulp and paper products.

### You can wrap up sales success where The Oregonian is the Buy-Word

Here's a big market, rich and ready to buy what you're selling. Pulp and paper manufacturing pack an economic wallop in this greater Oregon Market...where fabulous timber and water resources are readily converted into countless needed items. Nearly 10,000 paper products employees and their families...your Oregon buyers...benefit directly from \$32,945,000 take-home pay, while 1 1/4 million persons share one way or another the many millions in value added by this manufacturing.

The quick way, the sure way to tap this spending power is through The Oregonian...first with advertisers who expect to roll up maximum sales in the expanding Oregon Market. First in influence, in circulation, in advertising results...The Oregonian is the *buy-word* among customers for your product or service.

**BUY-WORD**  
OF OREGON  
FAMILIES!

**the Oregonian**

100th  
year The Great Newspaper of the West

REPRESENTED NATIONALLY BY MOLONEY, REGAN & SCHMITT, INC.

## BUSINESS BRIEFS

"Damned nonsense" was Scwell Avery's opinion of charges that Montgomery Ward is "under the . . . domination of a demon dictator." Despite heckling, Chairman Avery won his usual vote of confidence from stockholders: 99% of the votes cast at the annual meeting went to his slate of directors.

The science foundation bill, which would set up a government body to spark basic research, passed the Senate and went to the President.

Charles Luckman's old job as president of Lever Bros. went to Jervis J. Babb, executive vice-president of S. C. Johnson & Son (wax products). John M. Hancock, a partner of Lehman Bros., became Lever's chairman.

**New color TV contender:** Paramount Pictures made its entry when its television subsidiary bought an interest in Chromatic Television Laboratories, California. Chromatic has been experimenting with new color broadcasting and receiving systems.

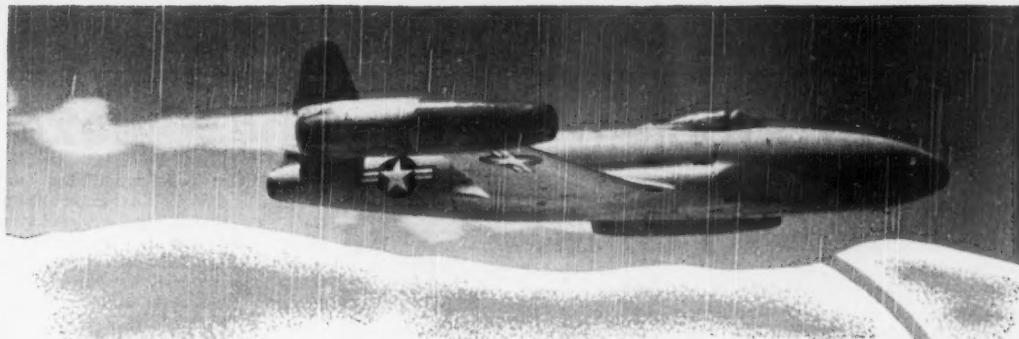
**All five top rubber** companies now have a stake in the plastics business. General Tire & Rubber, the last to get in, said it will start production of vinyl films at its Jeannette (Pa.) plant in a few weeks.

**Final layoffs** pointing to a Nov. 1 shutdown started at International Harvester's Auburn (N. Y.) plant. A citizens committee still hasn't found anyone to take over the plant, despite I-H's offer to give the factory to the town (BW-Jan. 28 '50, p21). Meanwhile, I-H faces a strike at 11 of its plants over wage-and-pension demands by the United Electrical Workers.

**Coal price cuts** by Pittsburgh Consolidation Coal merely brought into the open what all operators have been doing for weeks—shaving prices to get stock buying started. Pittsburgh Coal knocked off 35¢-to-80¢ a ton on domestic bituminous grades.

**Great Lakes cargo boats** pulled the first 1950 iron ore through the Soo Canal this week—six weeks later than last year. The slow start cut estimates on the season's haul from 78-million tons to a top of 75-million.

**John Meek Industries**, which bought Scott Radio (page 96), brought out a TV set to retail at less than \$100. Price for the 10-in. screen: \$99.90.



## FROM FIERY RAM JET ENGINES... TO FROSTY ICE CREAM FREEZERS

**M**ILES HIGH in the sky, where temperatures may reach 65° below zero, ram jet engines snort their fiery breath through nostrils of Republic ENDURO Stainless Steel. It takes a mighty good metal to withstand the destructive effect of extreme heat on the inside, freezing cold on the outside.

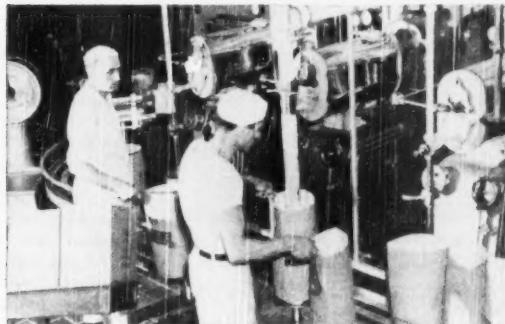
Or . . . an entirely different type of application—an ice cream freezer. It has a problem of low temperature, but an even greater one of resistance to coolant solutions PLUS complete sanitation and ease of cleaning. The material used? Why ENDURO, of course!

There seemingly is no end to the long list of uses for stainless steel—because no other material has so many advantages.

Its strength and toughness—its resistance to rust, corrosion and heat—give it stamina to stand up in service, to cut maintenance and replacement costs. Its sanitary surface, freedom from contamination and ease of cleaning safeguard product quality—help cut processing costs.

The eye appeal of its silvery lustre becomes "buy appeal" in products made of or trimmed with it. It adds that final decorative touch to automobiles and skyscrapers alike. Yes, it's the "Thrifty Metal of 10,000 Uses."

No matter what you make, there must be some place in your product or plant where ENDURO will pay its way. Republic engineers and metallurgists are ready to tell you "how."



*ENDURO is solid stainless steel all the way through. There's nothing to chip, peel or wear off. It stays new-looking—lasts indefinitely.*

*Distributor stocks and competent fabricators are located in principal cities. Your local Republic representative is prepared to answer your questions.*

**Enduro STAINLESS STEEL**



RUST-RESISTANT • CORROSION-RESISTANT • HEAT-RESISTANT • ATTRACTIVE • SANITARY • EASY TO CLEAN  
EASY TO FABRICATE • STRONG • LONG-LASTING • LOW IN END COST • What more can be desired in a material?

**REPUBLIC STEEL CORPORATION • Alloy Steel Division, Massillon, Ohio • GENERAL OFFICES, CLEVELAND 1, OHIO**  
Export Department: Chrysler Building, New York 17, N. Y.

# TELEVISION

## No. 1 TV Problem: Thawing the "Freeze"

Major Markets	FCC			Du Mont		
	VHF	UHF	Total	VHF	UHF	Total
New York	7	0	7	7	0	7
Chicago	7	0	7	7	0	7
Los Angeles	7	0	7	7	0	7
Philadelphia	3	1	4	5	0	5
Boston	4	0	4	7	0	7
Detroit	3	2	5	5	0	5
Pittsburgh	2	2	4	4	0	4
San Francisco	6	0	6	7	0	7
St. Louis	6	0	6	7	0	7
Cleveland	4	2	6	4	0	4
Washington, D.C.	4	1	5	4	0	4
Baltimore	3	2	5	3	2	5
Minneapolis St. Paul	7	0	7	6	0	6
Buffalo Niagara Falls	3	1	4	4	0	4
Milwaukee	4	0	4	5	0	5
Cincinnati	3	2	5	4	0	4
Kansas City	4	0	4	4	0	4
Houston	4	0	4	4	0	4
Portland	5	1	6	5	0	5
Providence	1	2	3	0	4	4

### Industry Wants More Channels, Less Mixing

Here's the number of stations that the nation's top 20 markets would get under (1) the Federal Communications Commission's plan for the TV industry and (2) DuMont's counterproposal.

The black-in sections, show mixing of Ultra High Frequency and Very High Frequency stations in the same market. The industry argues that this is economic poison, that a UHF station would simply have no audience at all where everyone in town already has a present-day VHF television set.

The industry doesn't underwrite the DuMont plan. But if it approves in prin-

ciple DuMont's effort to keep VHF and UHF markets segregated.

The numbers on the chart represent channels allotted to each city—another deep concern of the industry. In more cases than not, DuMont's plan would increase the allotment. By contrast, the FCC plan allows only three or even two channels in many major markets.

In a few cases, DuMont has had to cut a channel or two. But against these backward revisions, DuMont stacks the advantage of no intermixture. It insists that its plan, though it may hurt a handful of markets, provides a fairer distribution for the nation as a whole.

The Federal Communications Commission is about to move in on the most vital issue facing the television industry—unfreezing the "freeze."

Hearings on color television are now dragging their weary way into the final stretch. This week, FCC announced that a new set of hearings will begin on June 5. The subject will be allocations—the vexatious business that brought on the freeze in the first place. (The decision on color supposedly will come sometime in the early summer.)

• **Overlooked**—Trouble is that the furor over color has made everyone forget what the original issue was all about. Color is a very important matter (BW—Apr. 150, p19). But it is not nearly so important or fundamental as allocations. For what FCC finally does about allocations and the freeze will decide the over-all pattern of TV.

Recently, Chairman Wayne Coy of FCC said he hoped the freeze would be lifted by year's end. His hope, though, left the industry in a politely skeptical mood. The industry cocks one eye at the schedule and notes that before FCC really gets down to business, it must first take up:

**Bell System's request** for an Ultra High Frequency band for mobile communications. This would take a chunk out of the spectrum tentatively allotted to TV. Large segments of the industry—including the Television Broadcasters Assn.—oppose the Bell request vigorously. After that, FCC must tackle—

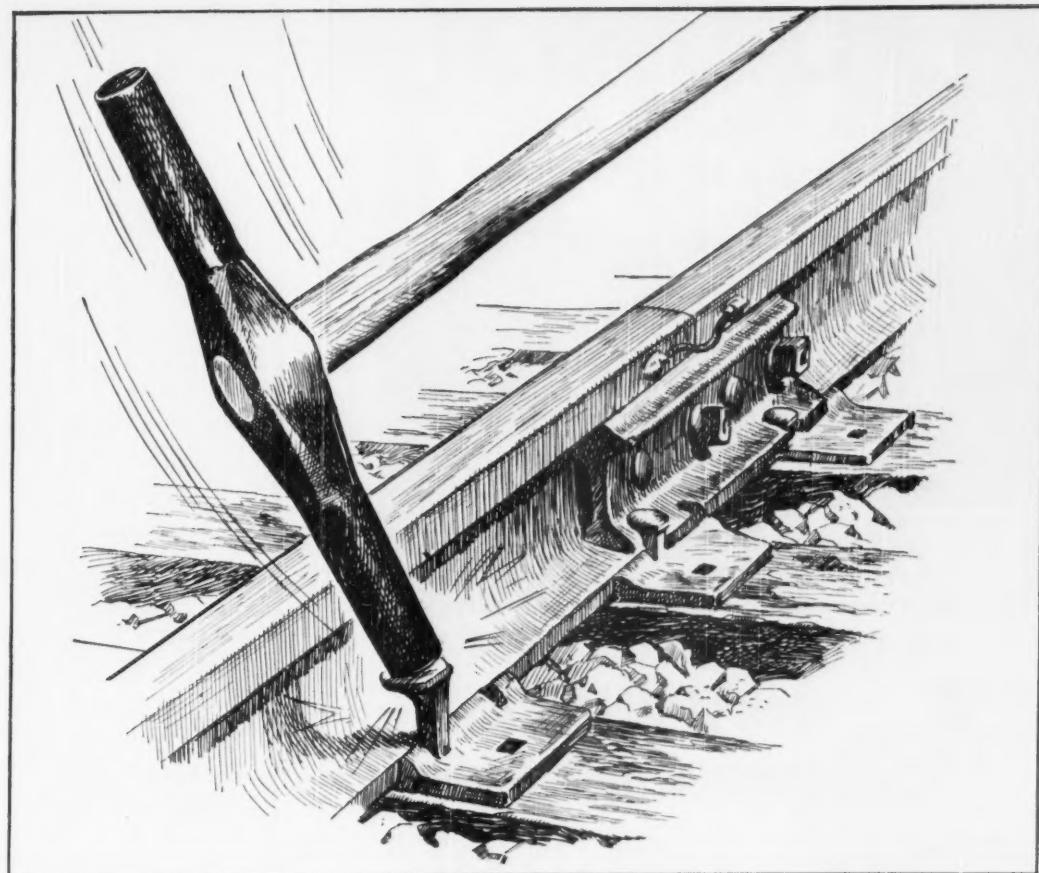
**Technical standards.** In this phase, the experts will have to thrash out the involved problems of interference, station separation, wave propagation, and similar thorny questions. And when that is all over, FCC will finally have to get down to cases with—

**Allocation of channels.** And here's where the fun begins. At this point in the hearings, 200-odd interested parties will start beating each other over the head to get the channels they want.

Add to this the fact that it will take two or more years to get the new licensees on the air, and you will see why one industry expert says, "Hell, this is no freeze—it's an ice age."

• **Everyone Wants In**—Basically, the problem facing FCC is simply that there is only so much spectrum to divide up among a list of strongly competitive services—radio, radar, mobile communications, television, "ham" operators, etc.

Toward the end of the war, FCC found it had a whopping job to handle. Radar, one of the two or three major



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Of all the forms of inter-city commercial transportation, only the railroads don't say, "let George do it."

Unlike their competitors...who have outgrown the "infant industry" stage, but who still rely on help from the people's tax dollars...America's self-supporting railroads pay all their own costs of doing business. And that is good news for "George."

For after all, who is this fellow "George" who is building and maintaining the highways, waterways and airways that other carriers use as a "place of business" for private

gain? He is every taxpayer in America. "George" is...you!

But you don't do it for us, "George." The railroads pay their own way...in the time-tested, traditional American way. It isn't easy...especially when we have to compete for business with subsidized carriers. But it's easier on you and your pocket-book, "George"! And it's better for our country, too. Because in the long run, private industries...like private citizens...must be independently self-reliant if America's greatness is to endure.

*Ernest E. Morris*  
President



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technological developments of war, had turned out to work best in the higher frequencies; as a result, engineers worked their way up into the spectrum. This opened up the upper stretches of the Ultra High Frequencies.

At the same time, TV was getting ready to make its public debut. As far as TV was concerned, FCC had two major decisions to make: (1) What part of the spectrum should be assigned to TV? (2) Should TV be given the green light right away, or should FCC wait for further technical developments?

• **13 Less**—The resultant hearings, called by Chairman Coy the most comprehensive in the history of radio, got under way in 1944. During the sessions, FCC decided to get started on TV right away. Since TV's possibilities in UHF had still to be explored, this meant that for the time being at least TV would be confined to VHF (Very High Frequency). In 1945, FCC came up with the basic groundwork for a nationwide TV system by handing the industry 13 VHF channels (it later took one away again). The commission figured that would give enough room to provide 400 stations in 140 markets.

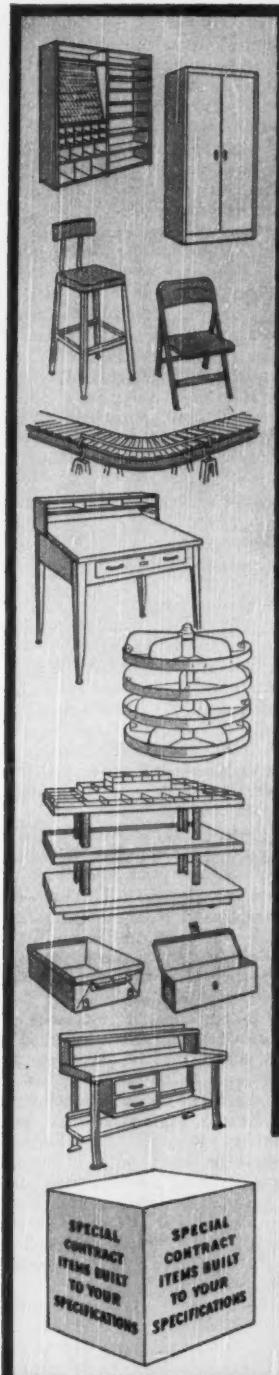
But it didn't. By 1948, when there were only about 50 stations on the air, it became obvious that FCC had crowded things much too close. Interference—particularly from tropospheric transmission, which bounced TV signals back to earth miles from where they should have been—became a real annoyance. Hence the freeze, which stopped all further allocations when the tally stood at 110 licenses.

• **Rainbow Chasing**—FCC then went back into a huddle with the industry, mainly with the idea of exploring the UHF band. On July 11, 1949, it came up with a new plan for TV. Just as this was about to go into hearings, FCC took off to "chase colored rainbows," as one industry observer put it. It has been chasing them ever since.

FCC's allocation plan, when it finally gets an airing, will call for the addition of +2 UHF channels to the 12 VHF channels now in use. In the VHF range, station separation will be upped from 150 miles to 220 miles for stations on the same channel, and from 75 miles to 110 miles for stations on adjacent channels. UHF stations on the same channel will have to be 200 miles apart; on adjacent channels, 100 miles (UHF stations have a shorter broadcasting range). All told, on both VHF and UHF, there will be room for some 2,000 stations in about 1,400 markets.

Compared to the old program, this looks pretty good. But it isn't good enough to keep the industry from complaining.

• **Intermixture**—In the first place, to shoehorn in all these stations without changing wave lengths already assigned,



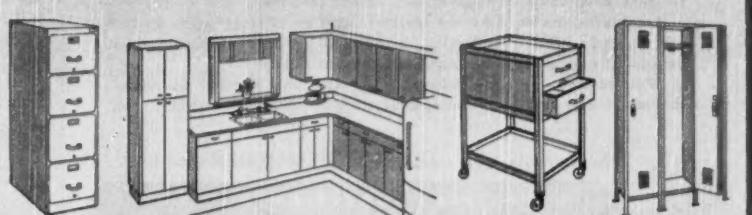
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FCC has resorted to "intermixture." This simply means mixing VHF and UHF stations in the same area. Under FCC's proposals, only about 40% of the nation's communities with a population of 50,000 and over would have three or more channels unmixed. When you get down to the 50,000-to-100,000 level, less than 10% would have three channels without mixing.

The industry says intermixture is economic poison. Take Philadelphia, which is earmarked to get three VHF channels and one UHF channel. It would be suicide, argues the industry, to open a station on that UHF channel. There are more than 435,000 TV sets in operation in Philadelphia today—sets that receive VHF only. Since a converter would cost somewhere in the neighborhood of \$25, the UHF station would, as a result, have almost no audience at all.

• **Stations at Whistle Stops**—The second thing about FCC's program that bothers the industry is the number of channels allotted to individual markets. For 165 cities of 50,000 population and over, there would be only one or two stations. Only 75 cities would have four or more channels.

All this worries the industry as much as intermixture. Television people say that FCC went off the track in its proposed allocations. They charge the commission with being more interested in giving a station to every crossroads than in giving adequate coverage to the major population centers.

The industry is afraid that FCC's failure to provide enough channels in so many cases will stifle competition.

• **Charge of Monopoly**—DuMont—the only organization that has filed a comprehensive program to counter the FCC's—goes even farther in its criticism. It argues that the FCC plan will help create a monopoly, or at least a "duopoly" in television. If you leave all those markets with only a handful of stations, only one or two networks will be able to get a look in. These will be the ones that line up and can deliver to advertisers the big markets that have only skimpy coverage. The other nets will slowly be frozen out.

For advertisers, says DuMont, this could have serious repercussions. Many of them might find it difficult, if not impossible, to get into the big markets. And the public will get a smaller selection of programs.

DuMont's plan would carve out a larger chunk of the UHF spectrum than FCC's. To begin with, it would give 48 channels to commercial users as against FCC's 42. DuMont would then add another 12 channels to be parceled out on a first-come-first-served basis to take care of the "forgotten man." Besides this, it would set aside



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**FLORIDA'S GROWING**  
(Gains since 1940)

CATEGORY	% GAIN
Population	31
Salaries, wages	220
New construction	231
Bank resources	253
Retail sales	224
Postal receipts	116
Business phones	102
Number of autos	49
Electric power	228
Life insurance	155
Individual income	207

A Florida location means quick, easy access to all major market centers. Latin America is conveniently close, and within 500 miles are 8,500,000 people. Florida plants are only 48 hours from 38 states. And the mild year-round climate in Florida means no costly delays in production or delivery schedules due to snow and ice. Florida offers industry a wide selection of excellent sites, an ample power supply, plenty of water.

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(Specific questions will be answered promptly and confidentially. Write on your letterhead.)

nine channels for noncommercial educational use.

• **More for All**—On this foundation, DuMont would rear a bigger structure. Under its plan, nearly 100% of the cities with a population of 500,000 and more would have three or more unmixed channels. So it goes down the line. FCC would provide only about 30% of the cities with 100,000 to 250,000 population with three or more unmixed channels; DuMont would see that 80% got three or more.

Much the same holds true for the number of channels. DuMont's plan would give four or more channels to 155 cities with a population of 50,000 and more—or a little better than twice what FCC proposes.

DuMont also claims that it has taken into account several interference factors that FCC has not. One of them is the so-called "local oscillation" of receivers. DuMont spaces its channels so that this interference won't occur.

• **Drawback**—But—and it's a big but—DuMont's plan has one very serious drawback. To create what it considers an optimum program, DuMont has had to propose that about 30 present stations move from one channel to another. Reason for most of these moves is that the stations are too close to other stations on the same channel—a problem that the industry feels FCC has sidestepped.

In the cases where the change would involve only moving from one low-band VHF channel to another, the cost to the station would be slight. But when you have to shift from VHF to UHF—as you would have to in some cases—it would really run into money.

Even more upsetting would be the shifts where DuMont would clear VHF out of a city and make a changeover to UHF.

• **Hardship Against Good**—DuMont admits this is a pretty drastic step, but argues this way: There actually will be only about a dozen "hardship" cases. Match this against the general good of the country as whole. After all, somebody has to get hurt—and it's better that only a few do.

To soften the blow, DuMont would allow several years for the changeover to go through. What's more, to help station operators in distress, DuMont for its part is willing to take back its own broadcasting equipment at the depreciated prices.

Whether this argument will sway many telecasters—or set owners—is doubtful. However, DuMont is willing to compromise in order to save the overall plan.

• **Can't Please All**—Trouble is, at this late stage, there is simply no perfect plan. No matter what FCC does, it is going to bring at least one half of the industry down on its neck—and hard.

MEET THE AMAZING NEW  
**ROYAL ELECTRIC**



**Better, cleaner-looking work in less time! Exclusive features allow your typists to change-over quickly, easily—with no trouble or fuss!**

**Who but Royal could bring** the business world an electric typewriter like this?

For here is the famous Gray Magic Royal Typewriter (preferred by typists better than 2 1/4 to 1 over any other make)—with *power added!*

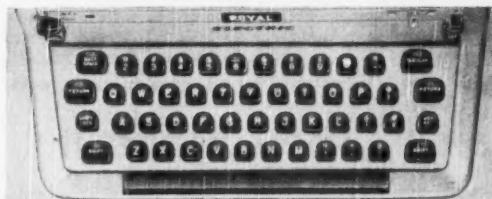
Being a Royal, it was designed with the operator in mind, so that typists have no writing habits to change . . . nothing new to get used to—at the change-over. This is

true of *no other electric typewriter!*

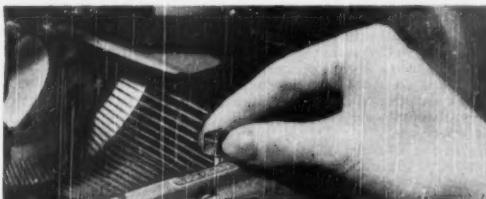
There's new sturdiness and durability in the Royal Electric, and the beautiful clean-cut work it does becomes a distinct asset to any business.

Royal offers a complete line of typewriters—the Electric, the Standard, and the Carbon Ribbon. Ask your Royal representative to analyze your needs and suggest the typewriters that will fit your own typing requirements.

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**When the typist** sits at the Royal Electric she finds the controls in the same place as on the standard Gray Magic Royal. Shift keys, tabulator key, "Magic" Margin, and other famous Royal features are identical in shape and position. *She has no typing habits to change!* A Royal exclusive!



**On this electric typewriter, and on this one only,** the operator can adjust the touch to correspond to that of a manually operated machine. "Touch Control" on the Royal Electric makes possible a quick, easy change-over. *The operator has nothing new to get used to!* Another Royal exclusive!

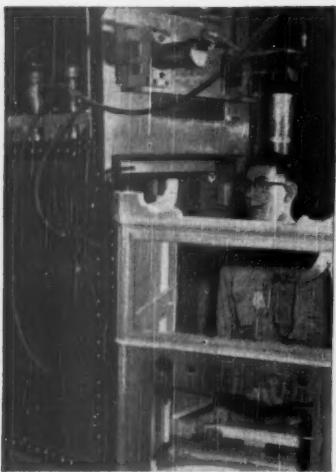
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BREAK IT UP: Ordinary broken glass gets pounded into pieces, is shoveled into hopper.



GRIND IT UP: In hopper, glass is pulverized. Then it's carried to vat for melting.

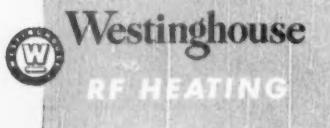
## You Break It, They Make It

Broken chips from junkyards and glass replacement dealers are raw material for spun glass. Small Connecticut firm builds good business on Christmas tree decorations and spun glass fabric.

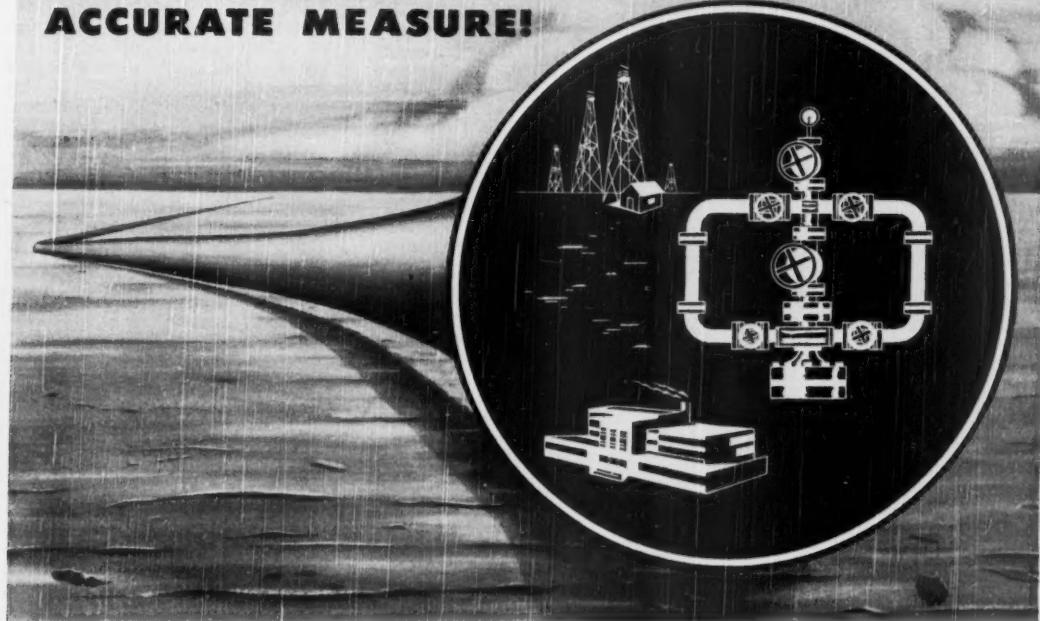
In Manchester, Conn., a small concern has built itself a good business on what sounds like a brittle foundation—broken glass. Chips and bits of glass are its essential raw material. From these materials, the company manufactures

spun glass and spun glass decorative fabrics.

• **Brothers' Progress**—Two years ago, two brothers, Anthony and Libro Urbannetti, started the U.S. Glass Fiber Co. in East Glastonbury, Conn. Business



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These are the unique electrical components Arma has developed for the U.S. post-war Defense Establishments.



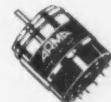
All know, however, the tremendous cost savings which would become possible if one of them were to provide accurate measuring equipment which could be read periodically just as the "meter reader" takes his notes for the domestic user. All know, perhaps better than we do at Arma, the rewards that one could expect.

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**To the one interested** meter manufacturer who convinces us he has the development and manufacturing facilities to fully utilize our help, we stand ready to negotiate with reference to Arma's protected developments in this area and to extend such other assistance as Arma engineers have time to afford from their defense commitments.

The "Brain Block" technique of instrumentation was created by the people of Arma Corporation as part of their basic work for the U.S. Military establishments. Now in their 32nd year of developing and manufacturing such uncommon things as electrical analogue computers, complicated gun directors, gyro compasses, and complex remote control systems, they are only beginning to turn a part of their energies toward instrumentation for American Industry.



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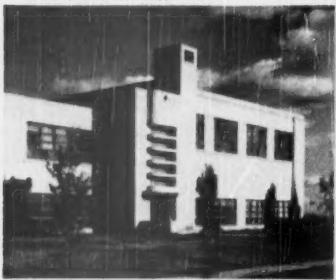
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**ARMA**  
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Saw Mill River Parkway, N. Y.



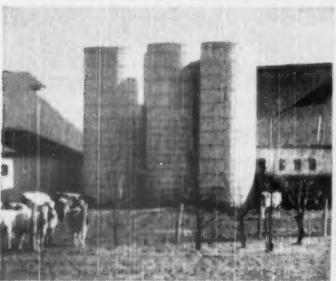
Concrete masonry house, Arcadia, Calif.



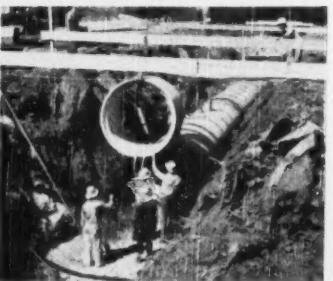
West Fargo High School, Fargo, N.D.



State Road Dept. Bldg., Tallahassee, Fla.



Concrete silos on farm near Franklin, Ind.



Concrete pipe sewer, Dallas, Tex.

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got good, and they moved to larger quarters in Manchester. This year, they expect production to reach a peak of 150,000 lb.

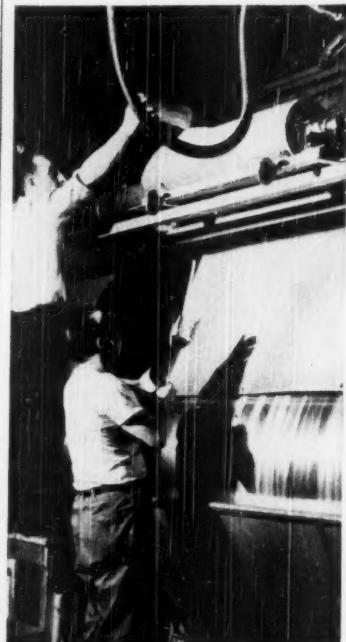
Just ordinary glass is all that it takes to make the spun product. Broken bottles from junk dealers, broken windows from replacement glass dealers, broken windshields from auto dealers—they're all grist to U.S. Glass Fiber's spun glass mill.

The brothers call their product "angel's hair." It's the white, soft stuff that turns up on Christmas trees and in store window decorations. It looks fragile, but it's tough and fire resistant. • **How It's Made**—The first step is to break up raw glass into 2-in. pieces. These get shoveled into a hopper that pulverizes them into coarse bits. Then the glass is melted in a vat.

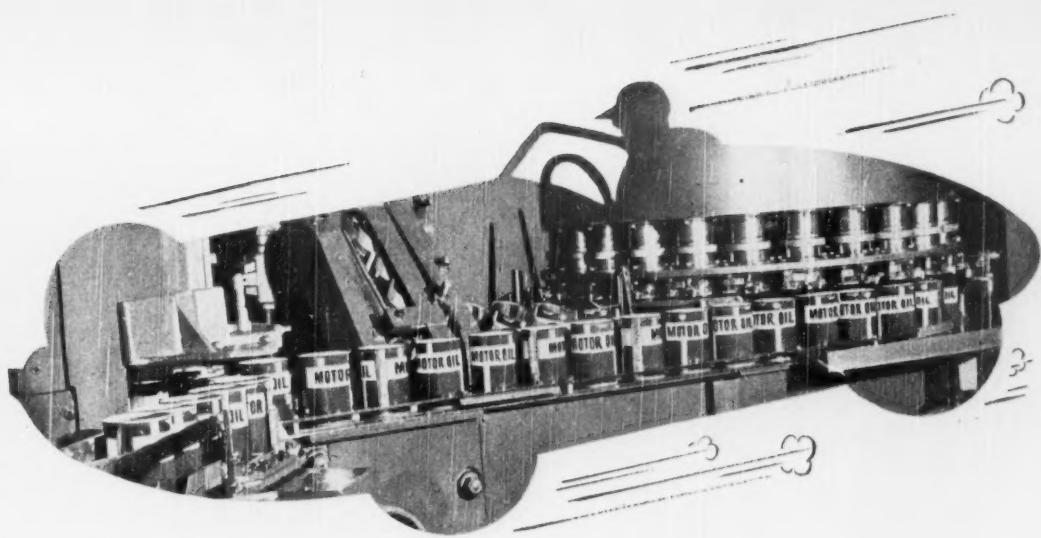
From there, it drips onto a large steel drum, which spins at 30 mi. an hour. The fiber is drawn to a fineness of 15 microns, or 1/12,000 of an inch. It takes about an hour of spinning to make the fiber visible on the drum; 200 strands are spun at a time.

Operators keep a sharp watch for breaks in the strands as they spin. If a break shows up, the operator takes a glass rod and gets some fresh melted glass from the reservoir to patch it up. The reservoir moves evenly along the drum's length to keep the molten stuff flowing.

The brothers ship their product in



MOLTEN GLASS drips from overhanging vat onto drum. Drum whirls, strand spins.



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source of supply!*

### Latest Continental equipment fills and closes oil cans at record 300 cans per minute

You'll never see the machine pictured above on the Indianapolis track—but it holds one of today's most important speed records. It's a new type of canning equipment that fills and seals oil cans almost twice as fast as the old-type machines. Continental guarantees this new equipment to fill and close 300 cans per minute, and speeds in excess of 350 c.p.m. are not unusual.

Developed by Continental, this variable-speed machine not only saves time but eliminates losses due to spillage and can jams. With it refiners are better prepared to meet a sudden increase in demand

without tying up money in large stocks. No wonder Continental's customer list reads like "Who's Who in the Oil Industry."

This improved oil-canning equipment is a logical follow-through of the canned-oil idea, which was pioneered by Continental. Improving packages and packaging methods is Continental's specialty. That's why —no matter what your product is—it's well worth your while to check with Continental. We have both the research facilities and the manufacturing capacity\* to give you the kind of service you want.

**CONTINENTAL**  **CAN COMPANY**

100 East 42nd Street

New York 17, N. Y.

\*MAKERS OF: Tin Cans • Fibre Drums • Paper Containers • Steel Containers  
Plastic Products • Crown Caps and Cork Products • Decoware • Machinery and Equipment

# "We tenderized sales-resistance when we discarded habit-itis"



says  
**Wm. F. Spang**  
 General Manager  
 Cube Steak Machine Co.  
 Needham Heights, Mass.



"ANGEL'S HAIR" is soft and pure white. It's shipped in bulk to dealers.



YARDGOODS, also made from glass, by a secret process, are light, flame-resistant.

"Now, our Cube Steak machines have a double-barreled sales advantage...because we eliminated habit-thinking in our research and production. Once we rejected the usual," continues Mr. Spang, "we eliminated headaches arising from chipped finishes; hard-to-get-at, hard-to-clean parts...with new housings made of Monsanto Lustrex styrene."

When the Cube Steak Machine Co. tossed out habit-itis, and replaced previous housings with ones of Monsanto Lustrex, they discovered how this durable, lightweight plastic could help them produce better, more sanitary machines...and win customer praise. For instance, they found the colorful finish of Lustrex goes all the way through—unlike painted surfaces, it can't peel, chip or wear off.

Housings of Lustrex are molded in one piece...are easily removed, by a flick-of-the-wrist, to get at operating parts instantly. Lustrex is smooth, and will not stain; and it is free from taste or odor. Best of all, this modern plastic is up to nine times lighter than some metals...provides more housings per pound, new savings in materials cost. Fast, one-shot production further lowers costs. And expensive assembling, machining, painting operations are eliminated or materially reduced.

Profit-wise manufacturers in many industries are banishing habit-itis in their plants...and are discovering new ways to improve old products, or to make new ones, while reducing manufacturing costs...with Lustrex, and other Monsanto plastics. How about your products? Your costs? It will pay you to send today for Monsanto's booklet, "What Monsanto Plastics Can Do For You." The coupon is for your convenience. Lustrex Reg. U. S. Pat. Off.



For your convenience →

MONSANTO CHEMICAL COMPANY,  
 Plastics Division, Dept. B15, Springfield 2, Mass.  
 Please send me, "What Monsanto Plastics Can Do For You."

Name & Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City, Zone, State \_\_\_\_\_

bulk to dealers. The dealers, in turn, package the product and supply it to the decorating field.

• **Fabric, Too!**—The company has another product, a glass fabric for decorative purposes. But it isn't saying how it's made. The fabric is 40-in. wide, is very light, and like the angel's hair, is flame-resistant. It has one big advantage: The colors—there's a big choice—don't fade.



When the moon is  
but a stop on the milk run...

National Oil Seals  
will protect the bearings

When inter-planetary trips become commonplace, surface travel in the family car may move normally at 200 m.p.h., farm implements may become complete food processing plants, Farmer Jones may do his plowing with atomic power. Contributing to mechanical progress such as this will be new oil seal designs, new sealing member compounds which will permit a higher order of bearing performance. National Oil Seal engineers have many of these new oil seals on the drawing boards and in production now. For this reason, you can look to National for "years-ahead" performance in your products of today as well as anticipate "years-ahead" performance in your products of tomorrow.

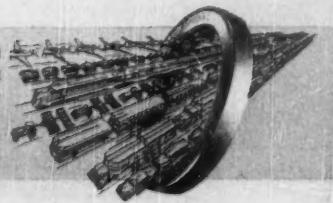
NATIONAL MOTOR BEARING CO., INC.

General Offices: Redwood City, California  
Plants: Redwood City and Los Angeles, California;  
Van Wert, Ohio

**NATIONAL**  
OIL AND FLUID SEALS

Original equipment on all cars, trucks, buses, tractors,  
in fact wherever shafts turn.

**IMPORTANT TIP TO CAR OWNERS:** It is difficult to remove an oil seal without damaging it beyond further safe use. Sensitive sealing members must provide perfect closure around shafts to retain lubricant in bearings. Insist on new seals every time one is removed from any equipment. The cost is slight...the protection worth many dollars. Make sure you get genuine parts designed especially for the job.

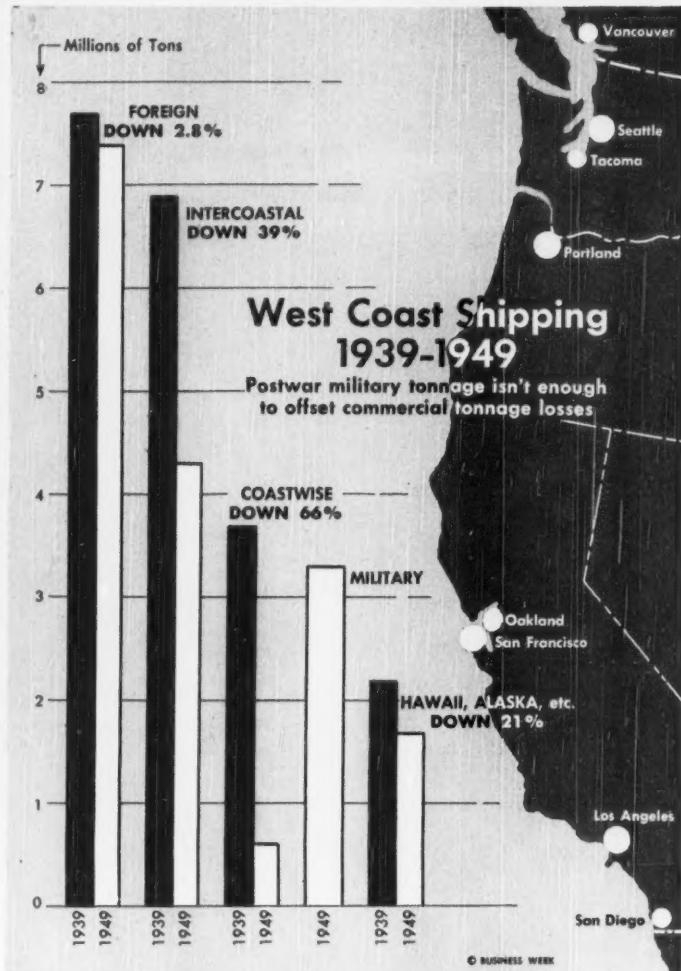


# TRANSPORTATION

**MOSINEE**  
*"More than Paper"*

MOSINEE doesn't count its achievements in terms of big volume records. More important to MOSINEE is the help our paperologists and facilities provide in solving our customers' product-problems. MOSINEE quality-controls assure dependable uniformity to producers of many engineered products. If you have a fabricating or processing problem involving paper, call a MOSINEE technician. Please write Dept. BW.

**MOSINEE PAPER MILLS CO.**  
MOSINEE, WISCONSIN  
Essential Paper Manufacturers



## Pacific Shipping Hits Bottom

But there are still a few bright spots: Coast industrial growth, military goods, increased intercoastal traffic.

Pacific Coast shipping, which has been in the doldrums, felt the faint stirring of a favorable breeze this week. It came from Washington, where the U.S. Maritime Commission handed Congress a plan for refloating two big passenger liners owned by Matson Navigation Co. Matson started overhauling them a couple of years ago, then gave up because costs were too high and traffic was uncertain. The ships have been lying idle in San Francisco Bay since then.

But despite this and a few other optimistic notes, Pacific Coast shipping is still in bad shape.

- **Bygones**—Back in the days before the war, there was plenty of trade to be had. Freighters went to the Far East with machinery, lumber, oil, and general cargo. They brought back silk, hemp, copra, wood oils, and cheap manufactured goods.

Fast refrigerator ships carry thousands of tons of West Coast fresh fruit and canned goods around to Europe. Pas-

senger business to Hawaii, the Orient, and through the Panama Canal brought in revenue. And the biggest money-maker of all—intercoastal shipping—kept 150 ships plying the water between Pacific Coast ports through the canal to Gulf and Atlantic ports.

But those were the good old days. The picture has changed since then. Now, none of the Pacific Coast's old foreign customers have dollars to buy American goods. The chaotic situation in Asia has just about killed the old trade. Europe is too poor to buy much of the Coast's fruit. And intercoastal shipping is just starting to pick up again after being hard hit by a lot of postwar troubles.

• **Labor Peace**—Almost the only good thing about West Coast shipping today is the labor situation. Since the three-month coastwise strike in 1948, there hasn't been a single major walkout. Union contracts still have a year to run; so industry and port people have time to woo back shippers who quit because of uncertain labor conditions.

Though it's not much below the 1939 level, foreign shipping from the Coast is off 15% from 1947 when movement of cargoes for foreign rehabilitation was at its peak. Except for some lumber and a little dried fruit, the Coast has got very little of the Marshall Plan business that has kept Atlantic and Gulf ports going at top speed.

Transpacific shipping has fallen away to a fraction of prewar levels. Even before the Communists slammed China's Open Door, business was bad. Now, rebuilding it depends on the willingness of the new Chinese government to start doing business again. Pacific Coast shippers and traders are giving strong support to immediate recognition of the Chinese Communists.

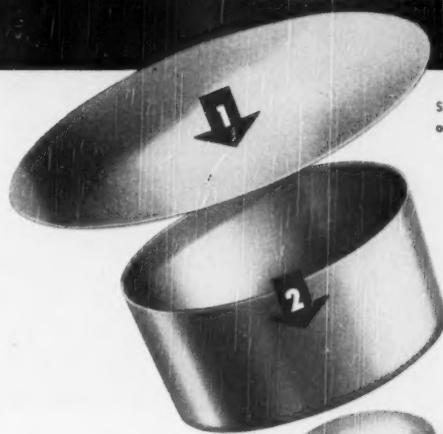
Dollar shortages are back of recent Philippine import restrictions. And import restrictions cut deeply into U.S. shipping to the islands. That's the story back of cuts in trade with the East Indies, too.

• **White Hope**—Coast shippers have their eye on Japan as their best hope. But the Japanese were big shippers on their own before the war, so it's likely that any comeback the country makes as an industrial power will stimulate growth of its own shipping facilities. Besides, unless the U.S. keeps feeding dollar credit into Japan, that country will probably be just as short of dollars as the rest of the world and will turn most of her trade to soft currency areas.

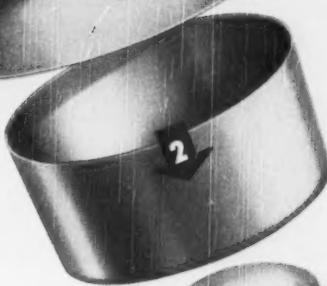
So far since the war, trade with Japan has been pretty slim by prewar standards; military supplies, some U.S.-financed grain, fertilizer, lumber, and coal—about 3-million tons a year total—have helped a little, but not much. Once the Japanese start showing signs of real economic recovery, aid ship-

## SCAIFE turns a steel cup

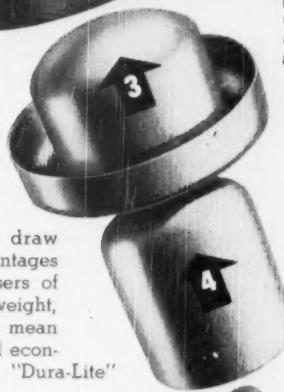
*"inside out" to make a better  
Bottled Gas cylinder*



Starting with a circular sheet of steel—



A cup is formed by a conventional drawing operation.



A continuation of this pressing operation turns the cup "inside out" without removing it from the dies—



completing—in a single stroke—the deep-drawn shape, which becomes a cylinder-half.

This revolutionary reverse draw process provides many advantages that are appreciated by users of Bottled Gas Cylinders. Light weight, high strength and long life mean ease of handling and overall economy for the user of Scaife "Dura-Lite" Cylinders.

Scaife is the first fabricator to apply the reverse-draw process to the manufacture of Pressure Vessels. Scaife engineers will gladly work with you in applying this process to the production of other types of pressure vessels or deep-drawn shapes for your applications.



### Scaife Company

OAKMONT (PITTSBURGH DISTRICT), PA.

Makers of Pressure Vessels For Air, Gases, Liquids



## Correct Seating at work...

Here it is—in action! The Art Metal Secretarial chair with "Tilt-Action" Seat and "Live-Action" Back. Features that banish seating fatigue—improve morale and efficiency of office personnel.

Model 709-A Secretarial Posture Chair is the newest in Art Metal's complete line of Aluminum Office Chairs. Each model in the line is designed with the latest features to provide the most in comfort, appearance and durability. Back of this latest design is Art Metal's more than sixty years of experience in building the finest in Metal Office Equipment.

*For complete information on the new 709-A Secretarial Posture Chair and other new models, write to the Art Metal Construction Co., Jamestown, N.Y.*

### Art Metal

### CORRECT SEATING ALUMINUM POSTURE CHAIRS

- ✓ "Live-Action" Back! ✓ Welded Aluminum Frame! ✓ Strong Cantilever Base!
- ✓ "Tilt-Action" Seat! ✓ Foam Latex and Plastic Upholstering! ✓ Soft-tread Casters!



Secretarial Posture Chair—709-A



Clerical Posture Chair—707-A



Clerical Posture Chair—707-B



**Art Metal**  
BUSINESS EQUIPMENT

For the Finest in Business Equipment...Look to Art Metal!

ments will probably be cut off faster than industrial trade picks up.

• **More Hopes**—But the shippers have other big hopes. There are now about 45% more people living in the Pacific states than there were before the war, and shippers figure that they are all likely customers for imported goods. New industries have been springing up all over the Coast since the war—light metals, steel production, industrial chemicals, cotton, machinery, and automobiles. All these, the industry figures, are likely new exporters.

• **Bright Spot**—The brightest spot of all is the recent pickup in intercoastal shipping (through the Canal to Gulf and Atlantic ports). Intercoastal ship operators had a very rough time right after the war. Freight rates, increased costs, and competition from overland carriers almost put them out of business.

Then they got some rate boosts, and at the same time things started picking up. Tonnage, off from about 7-million in 1939 to 2.4-million in 1946, edged up to 4.2-million in 1949 (chart, page 44), and it has kept going up.

Efficient cargo handling and packaging have helped cut costs. And demand around the country for new West Coast products has boosted traffic.

Coastwise shipping is one kind of traffic that shippers don't expect to see much of again. Lumber stands are dwindling, and that used to be the biggest staple commodity shipped along the Coast. The rest of the traffic has been taken over—for the most part—by trucks and the railroads.

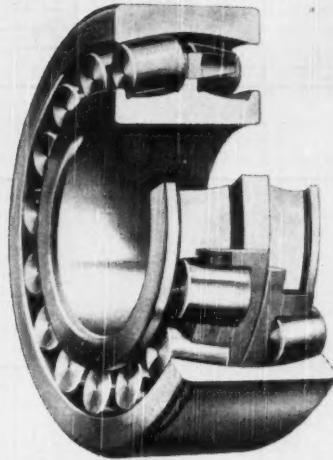
• **Travel**—Passenger business began falling off even before the war when a lot of the ships were turned over to more profitable uses or were laid up. Most of the remaining passenger ships were either sunk during the war, scrapped, or sold to foreign shipping concerns. In 1950, 30 ships were hauling people in and out of San Francisco. Today there are only six that stop there. Of the four Empresses of the Canadian Pacific lines, three were sunk, and the fourth is now operating in the Atlantic.

American President Lines has two new liners and a converted troop transport for passenger traffic, but it's having a hard time selling pleasure travel to the East.

If the Maritime Commission's proposal to Congress goes through, Matson will have three of its four prewar liners back in operation. The commission would like to see the Mariposa and the Monterey rehabilitated. The one ship that Matson is using for passengers—the swank Lurline—has been running at near capacity to Hawaii, despite tough competition from three scheduled airlines. Matson sold its fourth liner, the Matsonia, to a foreign line, and it is now operating in the Atlantic as the S.S. Atlantic.

lined up for efficient performance on

## **TORRINGTON SPHERICAL ROLLER BEARINGS**



Precision adjustment and operation of Jones Majestic Jordans is aided by Torrington Spherical Roller Bearings.

These bearings which support the plug shaft require no periodic alignment adjustments. They remain on the shaft for the life of the Jordan. When the plug is removed for chipping or refilling, the self-aligning feature of Spherical Roller Bearings makes re-setting of the shaft a simple operation.

You can secure long service life with minimum maintenance attention on Torrington Spherical Roller Bearings. Let our engineers help you apply them to your equipment.

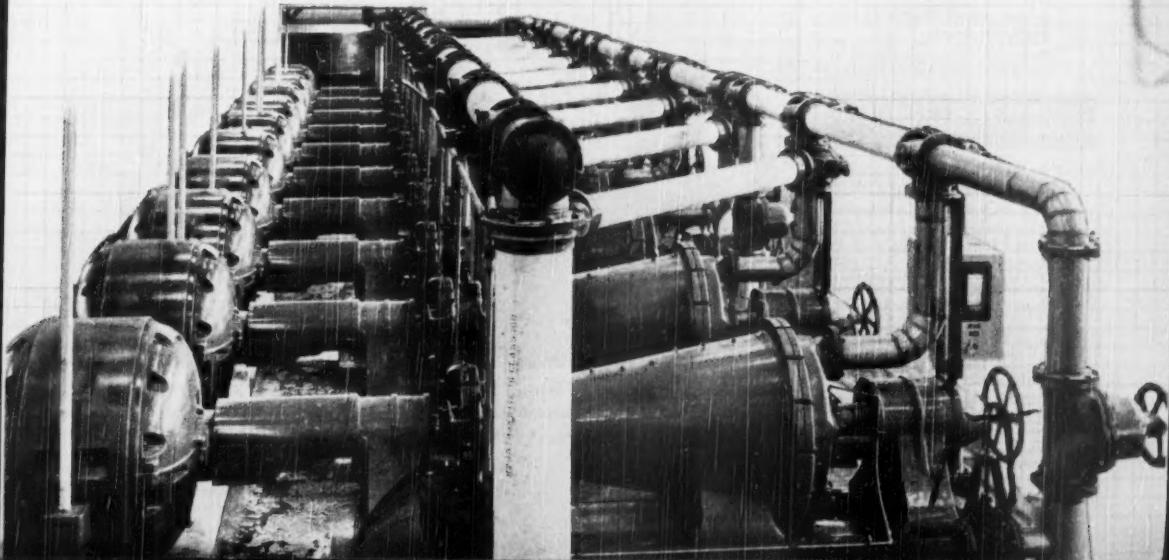
### **THE TORRINGTON COMPANY**

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**TORRINGTON SPHERICAL ROLLER BEARINGS**

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**Are you missing out  
on a customer  
who spends  
\$120,000,000 a day  
AND WHO IS BUYING  
WHAT YOU SELL?**

*Every single type of product and service produced in the United States is being bought*

**NOW**

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You definitely need not be a large producer to bid for this business. Concerns with as few as 6 employees are obtaining profitable contracts or sub-contracts.

The Government WANTS to do business with small and medium-sized companies.

You don't need salesmen, "influence," or "Washington Representation." All you need is an honest product—or service—at a fair price. It is easy to learn what procedure to follow, what prices, discounts and delivery schedules are current. Our free Advisory Service provides these. And remember, 20% of the business done in this country today is government business.

**Government terms are**  
"Cash" — usually 10 to 20 days.

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for you — without number.

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SMALL TUBES at the ends of this helicopter's rotors are pulsejet engines—all the powerplant this job needs to keep it in the

air. American Helicopter Co., Manhattan Beach, Calif., is now flight testing this one in hopes of selling it to the Air Force.

## 'Copter With Jets Lifts Twice As Much

Two light powerplants replace one big heavy one in this new craft. They increase its carrying capacity and cut overhaul time.



SO LIGHT they can be lifted by one man, these two baby jet powerplants replace big standard piston engine. 'Copter is said to lift twice usual weight.



FIVE-MINUTE OVERHAUL. That's all it takes to replace pulsejet engine's one moving part, the valve block, with two wrenches and a screwdriver.



What's going on in the kitchen...

... speeds the industrial trend to  
**REYNOLDS ALUMINUM**

Women *love* Reynolds Wrap...millions of women, their numbers swelling daily. They wrap their choicest foods in this aluminum foil...see how bright and clean it is...feel how it molds to any shape...know that it protects as nothing else can. They roast and bake in Reynolds Wrap...cook vegetables in quickly formed cups of it...discover new uses every day.

It's a most personal and convincing demonstration of aluminum...of its resistance to corrosion, its durability, its beauty. Women associate these new impressions with their preference for aluminum kitchen utensils...aluminum packaging, aluminum in home appliances, refrigerators, washing

machines...aluminum in the windows and the roof gutters of their homes...aluminum in the cars they drive.

So, daily, they become more conscious of aluminum...and specifically of Reynolds Aluminum. For Reynolds is the name on the new kitchen packaging they will never be without.

These "kitchen engineers" may not know, as other engineers do, all the technical advantages of aluminum...how its light weight can be combined with extraordinary strength...how its rustproof nature permits a truly *chip-proof* finish...how its workability cuts the cost of tools and dies.

These are considerations for the product engineers. To sales engineers

the most important fact is that more and more millions of women know and want Reynolds Aluminum, and will look for it in more and more of the manufactured products they buy.

**REYNOLDS METALS COMPANY**  
*The Complete Aluminum Service*

Richmond 19, Va. • Louisville 1, Ky.  
Aluminum pig • ingot • sheet • cable • wire, rod and bar • extruded, roll formed, architectural and structural shapes • tubing and pipe • powders and pastes • building materials • foil packaging • chemical aluminas • industrial parts •





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Steel Interiors in the  
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*interiors that fit  
like FLORSHEIM SHOES...*

**AND LAST A LONG, LONG TIME**

When you put on new Florsheims, you step into shoes that really fit and last a long, long time. And when you install Hauserman *Movable Steel* Interiors you step into surroundings that fit your building requirements for a long, long time.

That's why The Florsheim Shoe Company installed these modern, functional Interiors in its new factory and office building in Chicago. Hauserman Interiors are flexible. When administration or manufacturing methods require new floor layouts, the walls can be quickly and easily moved. What's more, these solid, rigid Hauserman *Movable Walls*

and *Doors* have a baked on finish that will last a lifetime. And because they're made of steel they won't chip, crack or warp.

One of our representatives would like to discuss all the advantages that Hauserman *Movable Steel* Interiors have for you. There's no obligation of course. A nationwide field force is ready to install, or move and re-erect Hauserman installations. Write *The E. F. Hauserman Company*, 6917 Grant Ave., Cleveland 5, Ohio and tell us when he can call. Or if you prefer, we'll send our fully illustrated catalog.



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Service Nationally  
Since 1913

# PRODUCTION



HUMAN SENSES affect accuracy. That's why . . . Easily read dials, easily reached controls, speed TV tube testing.

## Humanizing Machines Saves Money

The way workers see, feel, and move has become an important cost factor in machinery design—thanks to the war.

One day last week, the chief engineer of a company working on military equipment frowned as he looked at a calling card. It said that his visitor was a consulting psychologist; the chief engineer couldn't figure that out. Psychologists, he reasoned, work with personnel people, not with engineers. What has human behavior to do with machine design?

In the course of the next few hours,

the engineer got a convincing answer—to the effect that psychology has plenty to do with efficient operation of any machinery that people have to run. After a look at a set of drawings for military fire-control equipment, the psychologist showed the engineer that his efforts at precise control weren't worth a nickel. The reason: The controls were so placed that a man couldn't operate them efficiently. Shifting the

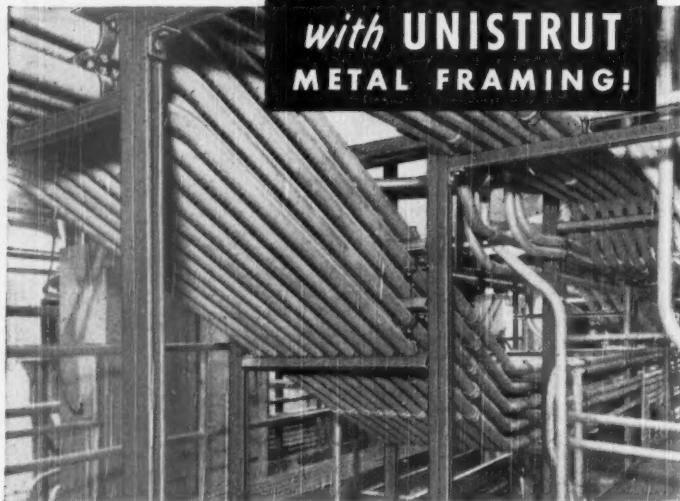
locations of a few dials and levers—without disturbing the engineering of the device—would correct the whole thing.

• **New Trend**—Such visits are now a commonplace occurrence in military manufacture. They are part of a new trend taking shape in the machinery-building and machinery-operating fields. That trend is based on knowledge of how people see, feel, move, and behave when they use mechanical devices. The aim is to design machines to fit people.

When machines fit people, a plant manager doesn't have to select people

# PACIFIC GAS & ELECTRIC CO. SUPPORTS CONDUIT RUNS

with UNISTRUT  
METAL FRAMING!



Heavy rows of conduit are quickly installed and easily supported with completely adjustable Unistrut channel, fittings and clamps. Note examples of combination racking where conduit is clamped above and below to channels mounted side to side.

Completely adjustable Unistrut simplifies the most difficult problems of supporting complex conduit runs used in electrical distribution systems—permits fast, on-the-job framing assembly where all adjustments are made by just loosening a bolt, and where supporting members are added as work progresses. No drilling, no welding, no special tools or equipment—Unistrut does the complete job, saves time, cuts costs! Try Unistrut on your next framing job to see how much quicker, better and more economically the work can be done.

Unistrut is metal channel with a continuous slot. You simply insert the Unistrut spring nut into the channel at approximate point where attachment of another framing member is desired, slide to exact location and bolt to Unistrut fitting.

Nut is thus secured firmly to "double track" formed by inturned edges of

channel—provides positive clamping action, prevents slippage. Unistrut includes concrete inserts, roller pipe supports, brackets, clamps, hangers and many other standard parts which in combination provide the world's most flexible system of support or suspension.

With Unistrut you can build practically everything—all types of framing, mounts, shelving, racks, tables and benches—conduit, cable, pipe and tubing hangers and supports—fluorescent fixture supports, and many other structures with just a hacksaw and a wrench.

#### THE 3 QUICK UNISTRUT STEPS

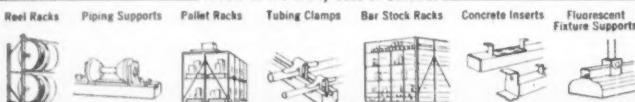


You can use Unistrut in your business. Write today for Free Sample of Unistrut and Catalog 500—construction uses of Unistrut; supports, frames, mounts, etc.

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A few of the many uses of Unistrut



to fit the machines they must operate. His problems of worker-training are eased. That's because instruments are in better locations, dials are easier to read, levers are definitely coded and easy to use.

• **Big Payoff**—These same things will eventually mean a bigger payoff in production savings. High-production machinery designed for easy worker control can't help but: (1) boost operator accuracy, thus cut down rework and rejects; (2) help do away with the need for highly skilled mechanics for run-of-the-mill production; (3) speed up processing; (4) increase worker safety; and (5) improve the worker's mental attitude towards his job.

All these advantages—in military counterpart—showed up during the war, when psychology was applied to the design of aircraft and submarine-control equipment. Now, that storehouse of psychological knowledge is filtering into industrial use. In the next year, you'll be hearing plenty about "applied engineering psychology" if you make machines or use them.

What kind of data do the psychologists apply to machine design?

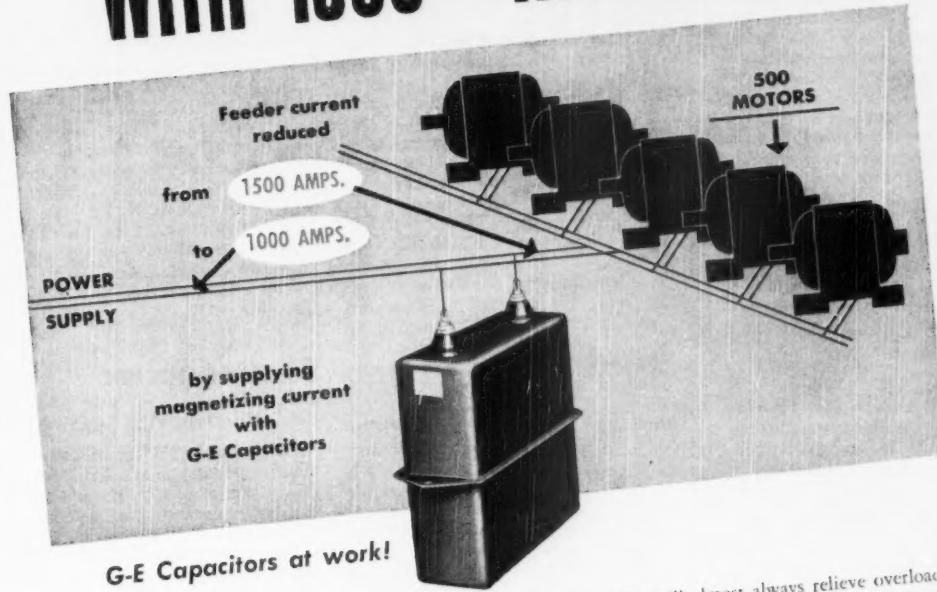
• **Visual Displays**—Take the problem of making it easy to see information: Psychologists emphasize that an instrument is no better than the ease with which it can be read. It must present data that the average person can interpret correctly in the shortest possible time. Dials with lots of pointers are hardest to read accurately. Direct-reading instruments—like counters—are easy to read. But they aren't so good when the problem is to set the information on them into a piece of equipment, or to reproduce a setting.

Also, the bigger the dial, the easier it is to use; graduations in "5's" give more accuracy in use than graduations in "10's." The eye reads them most accurately if the dial markings are half an inch apart. "Patterned" instrument systems are effective. In such systems, all pointers show the same direction if everything is going right. So the operator can immediately see if any dial is "out of normal."

• **Position**—Another point here: If the instrument or control is in the same relative position as the part of the machine it is hooked up with, accuracy is increased. For example: On an electric stove, switches are often lined up in a straight row. But the burners they control are arranged in a square. So you have to take time to figure out which burner each switch controls. If the switches are aligned in the same relative positions as the burners, control is simpler.

Instruction plates should never be printed in capital letters. Any printer knows that caps are harder to read than lower-case letters. Yet many important

# OHIO PLANT CUTS CURRENT $\frac{1}{3}$ WITH \$1300<sup>00</sup> INVESTMENT



WHEN STANDARD ENVELOPE MANUFACTURING CO. of Cleveland added new equipment, switches overheated and fuses blew. It looked like new wiring was called for. However, investigation showed the culprit to be a low power factor. Total current drawn by 500 motors, many only 1/25 hp, was 500 amperes more than it need be.

**G-E CAPACITORS WERE INSTALLED**—at a cost of only \$1300. Total current dropped one third, production returned to normal, and a re-wiring job was forestalled. Also, because power factor was up to 97%, the company's power bill was reduced approximately \$28 a month.

G-E CAPACITORS will almost always relieve overloaded feeders and transformers—and they will usually improve voltage. Where power contracts have a power-factor or kva-demand clause, they may also make possible outright monetary savings. In any event, your electric utility, your contractor, or a G-E specialist can help you determine accurately just what they will save.

Meanwhile, see what others have done with capacitors—ask for our 8-page booklet, GEA-5167. Write Section 407-192, Apparatus Dept., General Electric Company, Schenectady 5, N. Y.

You can put your confidence in—  
**GENERAL ELECTRIC**



407-192

## A NEW INCENTIVE FOR YOUR EMPLOYEES

### Sustained High Productivity with The Rucker

#### Share of Production Plan

THIS PLAN combines a unique management-control of labor costs and a precise measure of productivity

with

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PROVEN by eighteen years of economic research and twelve years of practical, successful operation in both United States and Canadian firms. It is not a profit-sharing plan. It requires no time and motion studies and no added clerical labor in its operation.

IT IS THE ONLY PLANT-WIDE PLAN automatically self-adjusting to seasonal, cyclical and inflationary forces.

#### BENEFITS EMPLOYEE AND EMPLOYER

ADDED EARNINGS for both employees and employers are generated by increases in Production Values. Results follow from enhanced application of mutual skill, experience and teamwork.

THE RUCKER SHARE OF PRODUCTION PLAN is the only plant-wide Plan assuring mutual rewards directly proportionate to all four major sources of increased Production Values, viz:

- a) Savings in raw materials, supplies, power, repairs;
- b) Reductions in rejects and "second-ones", and improvement in quality;
- c) Increases in unit volume of output;
- d) Increases in prices.

PRODUCTIVITY GAINS range from 5% to 55%, with corresponding and directly proportionate increases in employee income. Added earnings provide a sound basis for an employee Pension and Retirement Plan when so desired.

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machine instruction plates still are made that way.

• **Sound**—Sound can be used to express meaning in many ways—some good, some bad. Changes in sound intensity affect people in different ways. An example cited by one psychologist: Radio engineers designing an automatic volume control didn't know how sensitive a control had to be. Psychologists were able to show them that volume could vary as much as four decibels before the average listener was conscious of the need for adjustment. That saved radio manufacturers plenty.

Psychologists have a lot of information on speech transmission, such as to the effects of intensity, frequency, pitch, and outside noises on ability to understand clearly.

• **Touch**—The sense of feeling (tactual ability) can also be harnessed so that workers do a better job. Coding of controls is a big help in complicated machinery. But tactual coding—by special knob shape—is most effective. War-time research came up with eight shapes that were never confused: ball, cylinder, half-circle, disc, crescent, bar, cross, and hexagon.

One important point: Similar controls should be grouped similarly on related machines. This does away with the possibility of upsetting established "habit-patterns"—and thus inviting error.

• **Movement**—Psychologists also have a mass of data on movement. The distance a control is moved affects the amount of error in positioning it. Certain movements are more accurate than others. Example: Finger movements work better than hands on delicate settings. And things like the radius of a crank, and its resistance to movement also affect accuracy.

"Realism" in controls helps. A "downward" control should move down; an "advancing" control should move in the direction the work is to advance. Likewise, the strength required to move a control affects accuracy: A 5-lb. force was found to be more effective than a 10-lb. force for an airplane "stick." And the ratio between the movement of a control, and that of the part controlled, is critical.

• **The Hard Way**—The funny thing is that most of the data which psychologists are applying to machine design today goes back 100 years. It took some hardy pioneering by the military research people to get it correlated with engineering design.

Even before the last war, psychologists started coming out of their university shells. Highway departments began consulting them on what color combinations make the easiest reading in road signs, for example.

• **Big Boost**—But the war really brought them into their own. The National

Research Council sponsored a group of scientists who studied how defensive fire could be made more accurate, how training could be made more efficient. Then the Navy—with problems in illumination and control—set up a project under the eye of Admiral Luis de Florez. Men actively interested in applying psychology to industry today were pioneers in such projects—men like Leonard Mead, director of research at Tufts College; Clifford Morgan and Alphonse Chapanis of Johns Hopkins; Jesse Orlansky and Jack Dunlap of Dunlap & Associates; Paul Fitts of Ohio State.

At the Aero Medical Laboratory at Wright Field, set up during the war to find out what caused dangerous pilot errors, a mass of psychological data was collected under the leadership of Paul Fitts. (The data are now in report form: USAF Technical Report No. 5829, or Report PB 99030, obtainable from the Library of Congress.) Chapanis, Garner, and Morgan have collaborated on the first textbook on the subject: *Applied Experimental Psychology*, published by John Wiley & Sons, N. Y.

According to Paul Fitts, the "human is a one-channel computer—he can do only one thing at a time." And machines must take that fact into consideration.

#### Silicones Spread In Eastern Markets

Last week the silicone industry got a boost in eastern markets. Boyle-Midway Division of American Home Products Co. began marketing its Autobrite car polish—which contains about 4% of silicone resin. The silicone gives a glass-hard surface that resists weathering, dust, and corrosion.

• **Followup**—Boyle-Midway's eastern marketing follows previous silicone try-outs on the West Coast by Boyle-Midway, Tone Mfg. Co., and Wilco Co. of Los Angeles. Mac's Super-Gloss Co. of Los Angeles is about ready to introduce Speed-Glaze, another silicone-containing polish.

• **Band Wagon**—According to Dow-Corning Corp., maker of the silicone resins, other companies are expected to jump into the market soon. The silicone is readily adaptable to polish manufacture. It can be turned into easily applied and long lasting furniture and car polishes. It can be combined in wax compounds or made into solvent-type cleaners and polishes, too.

Silicone resins are also used as mold-release agents (to prevent parts from sticking in the mold). This same property helps in car polishes: Dirt and oil don't stick well to the finish, come off easily with water.

# \$201,068,000\* OF INDUSTRIAL CONSTRUCTION STARTED LAST YEAR

*in the Gulf South*

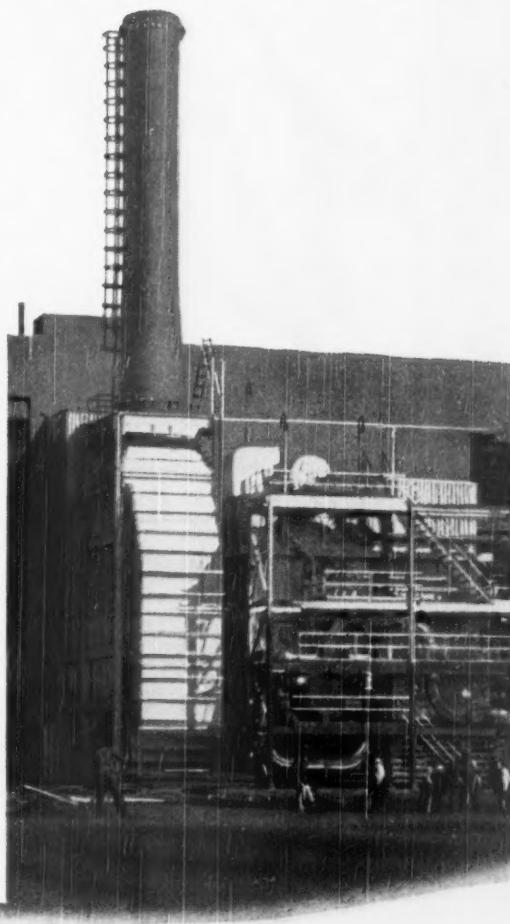
Here's news of interest to every industrialist: Contracts were awarded during 1949 for more than half again as much industrial construction in the area served by United Gas as were awarded in Pennsylvania, New York and New Jersey combined, and more than five times that in all New England.

*One dollar out of every five spent in the entire United States last year for industrial buildings came into the Gulf South!*

The future is even brighter for this dynamic industrial frontier: One out of every four dollars of proposed industrial construction in the nation—more than a billion dollars worth of new plants—is presently planned for the Gulf South.

This mammoth development program has no equal—and it is no coincidence. The industrialists locating new plants here base their decisions on hard-headed business principles, supported by exhaustive research into the advantages offered by the area. If you are searching for markets, manpower or materials, there's a location you will like in the cities and towns served by United Gas.

\*Engineering construction contracts awarded in 1949 in Texas, Louisiana, Mississippi and the Mobile, Alabama, and Pensacola, Florida, areas, as reported by ENGINEERING NEWS-RECORD, a McGraw-Hill publication.



One of several new gas-fired steam electric generating plants in the Gulf South.



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SERVING THE

*Gulf South*

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Let's listen in...

“Dalrymple, I never knew there were so many ways to get the kind of sales control we need. I've seen three salesmen today and every last one says he's got the best and *only* answer to our problem. Now tell me, Dalrymple...you people at Remington Rand have visible systems for sales control, don't you?”

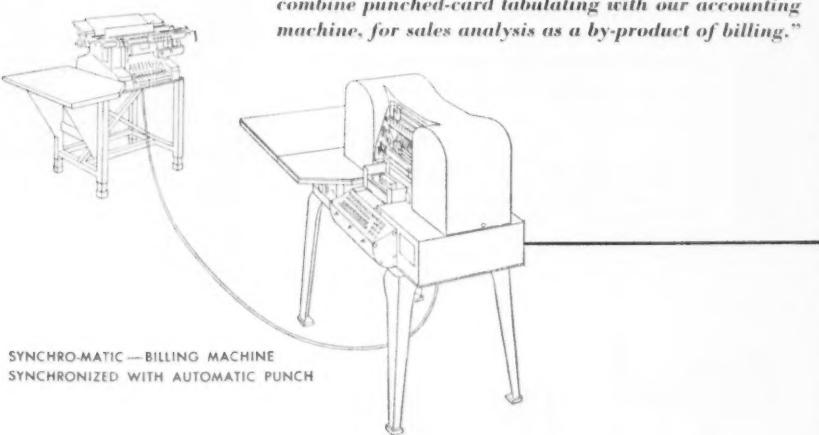
—“*Yes...the original visible system—Kardex...*”

And you have an accounting machine that produces sales facts and figures?

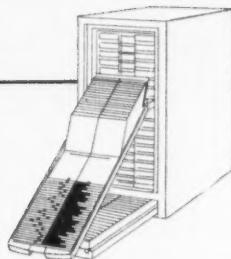
—“*Yes sir...our Foremost “685” will give you a detailed breakdown by product, or by sales-to-date by customer.*

“And you rent punched-card machines?”

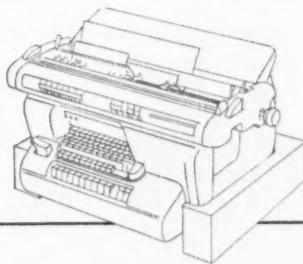
—“*Sell 'em outright too. And, with Synchro-Matic, we combine punched-card tabulating with our accounting machine, for sales analysis as a by-product of billing.*”



# Dalrymple in!"



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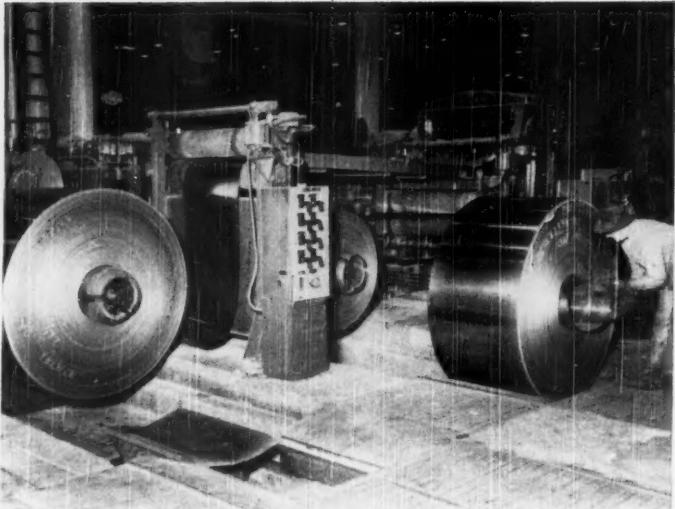
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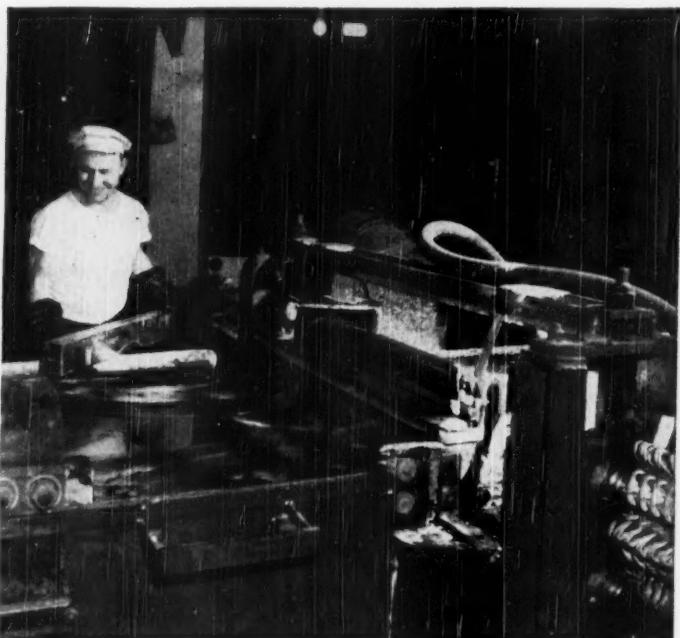
To locate your nearest AMPICALL specialist, look in the "Intercommunication" section of your classified directory, or write direct.



NO INTERRUPTIONS stall Weirton's new electrolytic tinplate line. Coil in center was welded—on the run—to end of previous strip. Coil at left is next to go.

## More Speed: More Tinplate

Weirton Steel bids for more business with new, highspeed electrolytic tinplate line. It plates strip at a half-mile a minute, nearly twice as fast as conventional lines. (STORY ON PAGE 60)



TIN INGOTS are anodes in electrolyte bath. High voltage current flows from tin to underside of steel sheet, coating it as it streaks through bath at 2,500 ft. a minute.

# decentralizing?



Unless new plant specs include  
aluminum power cable, you won't get the  
**lowest bid**

Don't let "old style" specification raise the cost of your "new style" plants. Today there are *two* conductor metals used in cable, and one of them—aluminum—costs a lot less, particularly in the larger sizes used for feeders.

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For names of manufacturers and copy of "Questions and Answers About Alcoa E. C. Aluminum", call your local Alcoa Sales Office, or write ALUMINUM COMPANY OF AMERICA, 1777E Gulf Building, Pittsburgh 19, Pennsylvania.



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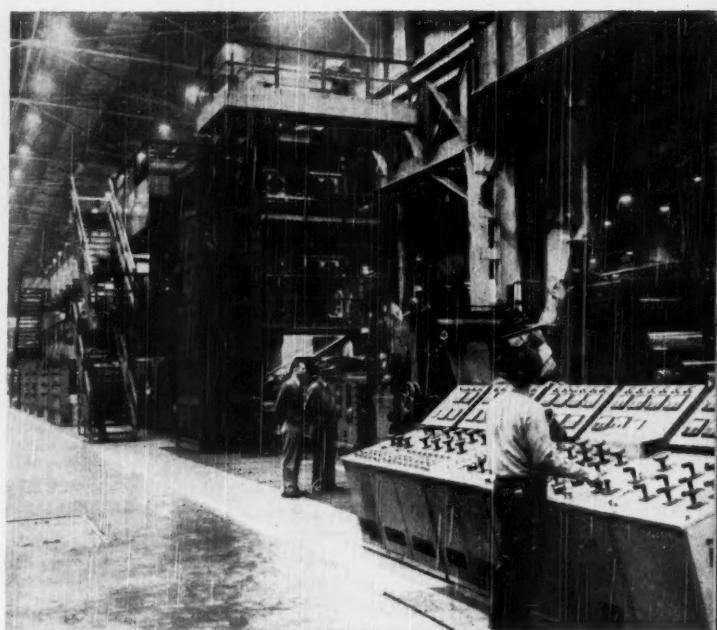
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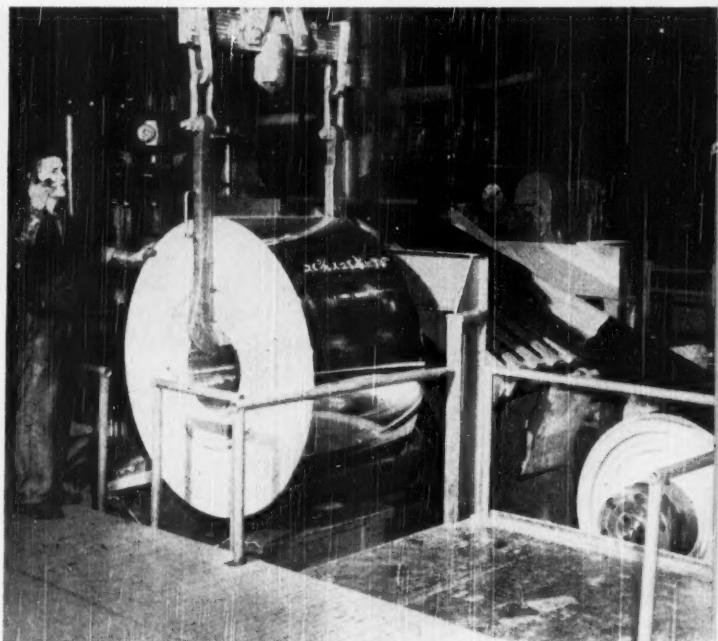
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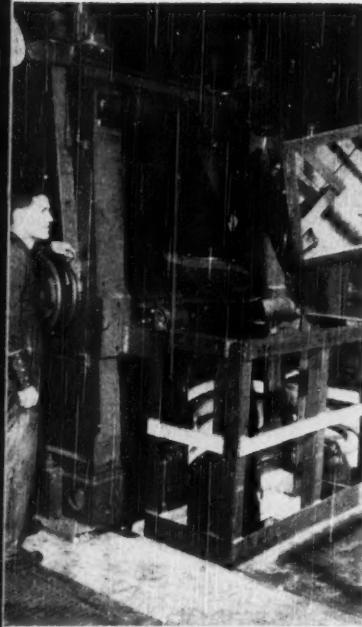
**TINPLATE** (continued from page 58)



"NO. 4" LINE at Weirton is a triple decker. Strip gets undercoating on lower deck, swings through middle deck to coat other side. Electrolyte is washed off on top deck.



EXIT END of Weirton line is continuous like the beginning. While one tinplated coil is carried off to shears, another is coiling up. The line never stops rolling.



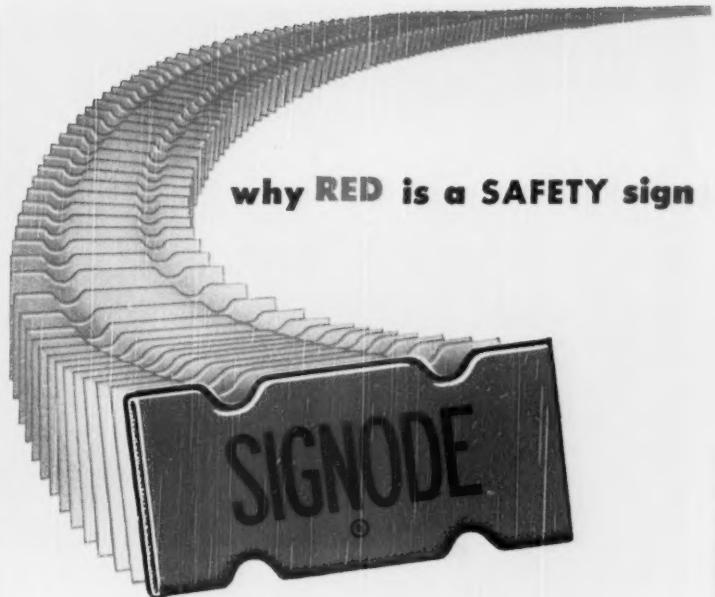
TENSION ROLLS take up slack in steel strip as it passes through electrolyte.

## It Takes Space, Power To Plate Steel Fast

Speed means everything in electrolytic tinplating. The plant that can whip sheet steel the fastest through the many and complex phases of the plating process is the plant that sells the most plate. So since the war, when the electrolytic process really got going, steel companies have been putting immense amounts of capital into the race to build faster lines.

• **In the Lead**—To date, Weirton Steel Co., National Steel Corp. subsidiary, seems to be leading by a neck. Last week, Weirton pushed the start button on a brand new electrolytic line which it says is the biggest and fastest of its type in the industry. The line, the fourth in the company's plant at Weirton, W. Va., coats strip steel on the run—almost a half-mile of strip a minute (nearly twice as fast as most other lines). It cost Weirton well over \$1-million to build "No. 4." But the high-speed line will boost the plant's total production to about 800,000 tons of tin plate annually.

• **Power, Space**—To get that kind of production by the electrolytic process, you need big power and lots of space. It takes an extra-hefty electric charge to



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### for 30,000 SHIPPERS

This red Signode seal identifies the Signode system of tensional steel strapping. More than that, it symbolizes a type of service without which all manufacturing, engineering and quality efforts would be in vain . . . shipment protection.

For thirty years, in the service of over 30,000 customers, Signode has devoted its facilities to the perfection of methods that would insure such protection, economically, for all kinds of products.

For example, never satisfied only to manufacture steel strapping, Signode has long maintained a fully equipped box strapping laboratory where customers' shipping containers are studied for improvements in design and construction, and in lowering costs. Signode operates the only railroad test-track used exclusively to search out better ways of bracing freight car shipments. Signode employs a large staff of product engineers, solely for the development of cost cutting equipment—such as the Power Strapping Machine and the One-Piece Retaining Door.

Regardless of what, where or how you ship, the chances are better than even that this experience and this determination to stay first with the best in methods can save you money, reduce damage claims and improve customer good will.

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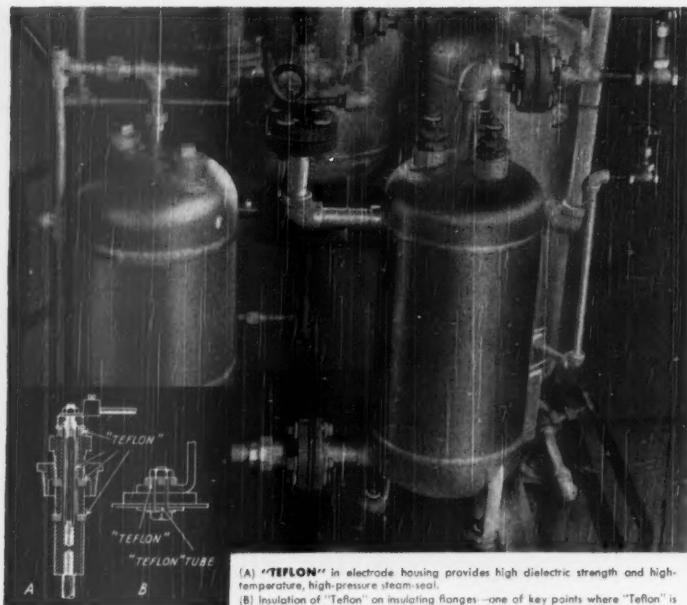
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(A) "TEFLON" in electrode housing provides high dielectric strength and high-temperature, high-pressure steam-seal.  
 (B) Insulation of "Teflon" on insulating flanges—one of key points where "Teflon" is used to insulate and isolate steam-generator tank from other parts.

## MOISTURE-PROOF "TEFLON" AT DANGER-POINTS KEEPS STEAM FROM "SHORTING" GENERATOR

*With high dielectric strength, heat-resistance, zero water-absorption, only Du Pont "Teflon" prevents electrical failures in portable steam generator*

This manufacturer set out to design an electrically operated portable steam generator, for such uses as steam-jet cleaning, steam source for plastics-molding equipment, sterilizing of food equipment, and temporary steam source in industrial plants. A key problem was the prevention of electrical breakdowns under the unique conditions of the apparatus. It was necessary to (1) insulate electrodes going into the generator tank, and (2) isolate the generator tank from all other parts of the equipment. A material was needed that was completely moisture-proof, that would have high dielectric strength and provide a steam seal under high temperatures and pressures (up to 500 lb./sq. in.). Of all materials tested, only Du Pont "Teflon" tetrafluoroethylene resin succeeded.

"Teflon" was installed as electrode housings and gaskets, and at every point where the generator tank contacted regulator tanks or other parts. It provides high dielectric strength, zero water-absorption, heat resistance (up to 500 F.), and strength in compression. Thus a complete steam-seal is accomplished, and electrical failures are eliminated.

In addition, "Teflon" has outstanding electrical characteristics at high frequencies, and remarkable chemical in-

ertness. Can your product use "Teflon"? It's supplied by Du Pont in standard shapes (rods, tubes, sheets and tape). Or we will recommend molders or fabricators who can supply finished parts of "Teflon." Write today for more information. Our technical staff will be glad to help you. E. I. du Pont de Nemours & Co. (Inc.), Polychemicals Dept., Plastics Sales Offices: 350 Fifth Ave., New York 1, N.Y.; 7 S. Dearborn St., Chicago 3, Ill.; 845 E. 60th St., Los Angeles, Calif.

*"Speedelectric" Portable Steam Generator manufactured by Livingstone Engineering Company, Worcester, Mass. Parts molded of "Teflon" by U.S. Gasket Company, Camden, N.J.*

\*REG. U. S. PAT. OFF.

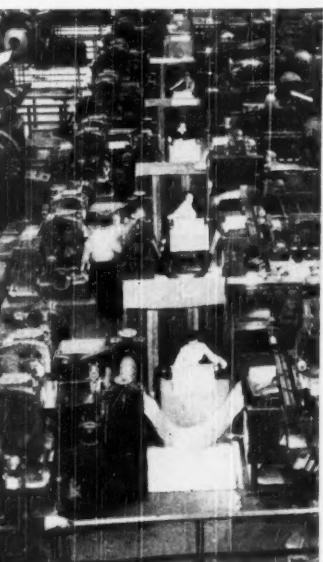


put a tin coating on steel that's moving at 2,500 ft. a minute. Generators that power Weirton's new line have a big enough capacity to serve a city the size of Wheeling. Parts of the line have to be longer than standard to give plating or pickling processes time to work on the fast-moving metal. Pickling tanks, for instance, (where sulphuric acid removes scale from the strip) are 100-ft. long, 30-ft. longer than the tanks on Weirton's other electrolytic lines.

High speed brought special engineering problems to the "reflow" phase of the Weirton line. (That's where the plated tin on the strip is remelted to change it from a matte to a high-gloss finish.) To concentrate heat at the melting area—in this case within 18 in.—the Weirton process aims 600 kw. of high-frequency current into the narrow zone.

• **Out of the Picture**—With the completion of its high-speed electrolytic line, Weirton is all but giving up the "hot dip" process. (In this older method, steel sheet is dipped into molten tin for plating.) Practically all the company's hot-dip manufacture has been transferred to its Steubenville (Ohio) plant.

The trend away from hot-dip plating seems to be industry-wide. Last year, the steel industry produced 54% of its tin plate electrolytically. And steel men think that eventually 90% of all tin-plate output will be by the electrolytic process as more and more companies convert to the more economical high-speed system.



CUTTING LINES, seven of them, shear plated strip into short, flat sheets.

*Firestone Tire and Rubber Co.  
won a saving in printing costs . . .*



*by switching to lower-cost, high fidelity  
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• Naturally, Firestone's printing requirements are almost as many and varied as the products that bear the world-famous Firestone name. But for important printing jobs like the colorful retail catalog cover, where thousands of pounds of uniformly fine enamel papers are required, Firestone now specifies Consolidated Enamel Papers.

The reasons are just plain good business sense. Consolidated Enamels give the top quality reproduction necessary to display Firestone products at their best. Yet, thanks to Consolidated's modern method of manufacture, these same fine enamel papers cost 15 to 25% less than the old style, premium-priced enamel papers formerly used.

The revolutionary Consolidated process responsible for this saving is as logical as Firestone's money-saving switch. Following the *continuous* production line principle, commonplace in other industries, it eliminates many costly multiple operations still required by other papermaking methods. The result is a paper of highest quality, simultaneously enameled on both sides, *in a single high-speed operation*.

Unless you are already using Consolidated Enamels, the modern economy of this process merits top-level investigation. The complete facts and samples we'll send on request may prove that you are *paying a penalty* for outmoded ideas about fine printing paper.

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Or, if you're using brushes where some other method would be better, the **OBA** will report this and offer suggested improvements.

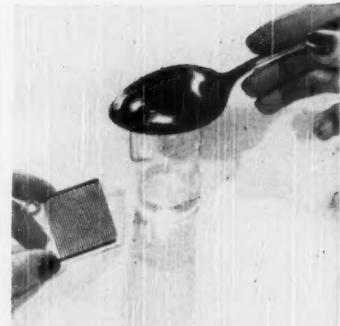
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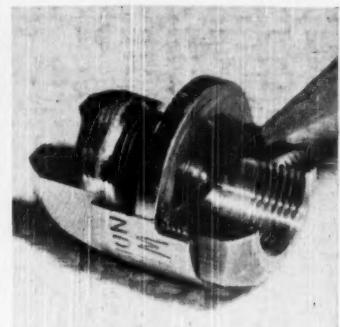
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HUMIDITY GAUGE is gold on plastic.



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## Six New Devices For Automatic Control

Last week, Minneapolis-Honeywell Regulator Co. cracked the heating market with a raft of automatic controls and accessories for domestic and industrial use.

A thermostat for temperature control has a miniature heating plant of its own. The miniature creates heat equivalent to that of a radiator, and the thermostat measures this heat—instead of the heat of the air circulating through a room. The company says this gives closer control, cuts down long period of burner operations.

For humidity control, Minneapolis-Honeywell has a unit that will regulate moisture content within 0.5% of a desired setting. Its sensing element is a plastic rectangle inlaid with pure gold. When hitched to its amplifier, it measures the effect of even a spoonful of water poured in a normal sized room.

Other units: a dribble-proof valve for burner nozzles, which permits better fuel economy; hydraulically operated damper and check controls for home use; an electronic control for industrial oil burners; an outside thermostat for small commercial buildings.

## PRODUCTION BRIEFS

**More synthetic fiber:** Du Pont will expand its Orlon capacity with a new unit at Camden, S. C., to make the synthetic in staple form.

**Lubricant studies** at Texaco Co. are done with transparent-plastic bearings so engineers can trace the flow lines of the oil. A red dye in the lubricant helps mark the course.

**Armco gets rid of phenol** in steel-mill wastes by throwing in large doses of chlorine to vaporize the phenol into gas.

**Zero-octane fuel** runs a heavy-duty engine built for the Middle East where low grade oil is available. Harry Ferguson, Ltd., England, is the builder.

**A 400-mi. microwave system** will be built for Humble Pipe Line Co. by Philco Corp. The communications system will span Humble's line from Houston to Kemper, Tex.

**AEC untied** 15 more patents for public use. The U. S. Patent Office will hand out nonexclusive, royalty-free licenses.

**U. S. Steel confirmed** construction plans for its tidewater mill on the Delaware (BW-Feb. 4 '50, p25), but left the starting date up in the air. The mill will go up on a piecemeal basis with emphasis on getting out the products that are needed most in the East.

**Polyethylene output** at Bakelite has jumped from 15-million lb. to 50-million lb. since a year ago.

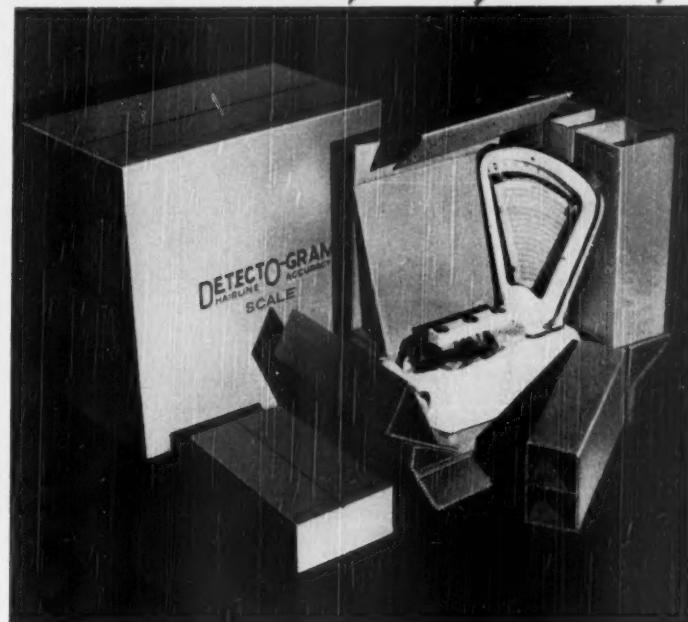
**Electrons** in the betatron at the University of Illinois are shaken like kernels in a corn popper to speed up results. The shaking shortens their life span by 5%, helps in the study of short-lived atomic particles.

**Control of air pollution** costs government and industry about \$100-million a year, the Bureau of Mines says. Just identifying the contaminants costs more than \$2-million.

**A \$12-million plant** to extract hydrocarbons such as ethane, propane, and butane from natural gas is planned by Tennessee Gas Transmission Co. near Greensburg, Ky.

**Three-dimensional TV** is an added refinement to RCA's industrial video. Two cameras view a scene at different angles for a stereoscopic effect. The signals are transmitted to two Kinescopes and combined on the screen. Filters give three-dimensional effect.

## Creative Package Engineering



### this corrugated "shock-proof" shipping box

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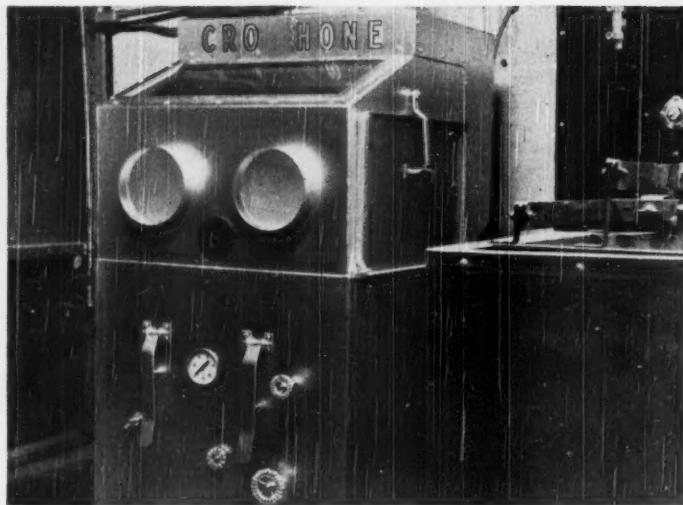
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CRO-HONE fits in 30x30-in. space, stands about 5-ft. high

## Wet Blaster: Compact and Low-Cost

Cro-Plate Co. designs machine to put high finish on metal parts. Advantages: low initial cost; low maintenance cost.

Manufacturers who want to use wet-blasting to clean and finish metal surfaces can now set up the equipment at minimum cost. Wet-blasting uses a fine abrasive suspended in a liquid which is forced against the work by air pressure. The technique has wide industrial acceptance, but generally requires complex, expensive equipment. This week, Cro-Plate Co., Inc., of Hartford, Conn., announced Cro-Hone, a compact wet-blaster designed for easy maintenance and low cost.

• **Features**—Cro-Plate's wet-blaster fits into a 30x30-in. cabinet, handles large or small pieces. All metal parts of the machine that come in contact with liquid are stainless steel or brass—cutting down corrosion problems. Abrasive mixture is sucked up by a siphon-jet principle. This eliminates mechanical circulating pumps—cuts down on mechanical maintenance.

Work enters through hand-holes or side openings that are fitted with splash-proof doors. The setup is easily adapted for use on a conveyor line. All valves and controls are located in front of the machine for easy operation. A 28x15-in. window is set so that tall or short operators get a clear view of work under the blast. A 600-cu.-ft.-per-minute blower drives out vapors at work-table level (instead of at top of the blast

chamber) so that vision isn't clouded. A drawer-type filter makes cleaning and changing easy.

• **Idea**—The company got the idea for its Cro-Hone machine when it was working on its precision plating equipment (BW—Apr. 16 '49, p58)—and found that it needed a low-cost cleaner. It designed one itself. The machine is now in production, and is available—on three week's delivery—from the company's plant at 3347 Main St., Hartford 5, Conn.

## ALL DONE BY FOOT

A little foot work develops a lifting force of 20 tons with a hydraulic jack. The Go-Jak is made by Wihtol Industries, Lewis St., Eatontown, N. J. It will help in assembly or tear down of large parts, force-fitted parts, or other heavy equipment.

Go-Jak is foot-operated, so both hands of an operator are free. Pumping and releasing actions are under foot control, too.

The jack runs at two speeds—fast for light work, slow for the heavy jobs.

All working parts are made from heat-treated, polished steel. Bulky parts are from a cast aluminum alloy. Total weight—including the oil deposit—is 10 lb. An auxiliary  $\frac{1}{2}$ -in. pipe-threaded hole

# OFFICE CLATTER KILLED IN A HURRY

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**Acoustical Products**

## 1. EXPERT SERVICE AND INSTALLATION.

1. Gold Bond's nationwide network of factory-authorized Acoustical Applicators is listed at left. Your local Applicator can tell you exactly which of Gold Bond's five Acoustical Products can best solve your noise problem at the lowest cost. He'll figure the job and give you the cost estimate at no obligation. His expert, factory-trained crews guarantee satisfactory application. They'll work nights or weekends to save you business interruptions.

## 2. FIVE PRODUCTS TO CHOOSE FROM.

2. No one product can meet every noise reduction, budget and design problem. That's why there is a Gold Bond Acoustical Product for every sound conditioning need. The full Gold Bond line includes tiles of metal, ACOUSTIMETAL; fireproof mineral wool, TRAVACOUSTIC; and wood fibre, drilled ACOUSTIFIBRE and low-cost ECONACOUSTIC. For curved or irregular surfaces, there's THERMACOUSTIC, a fireproof mineral wool product which is sprayed to any desired thickness.

Let your local applicator give you an unbiased recommendation on the right Gold Bond Product for your own special sound control problem. Call him today! Or mail the coupon below!

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If no Applicator is listed for your area, mail this coupon.

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Please send me a free booklet describing the use of Gold Bond Acoustical Products for office  hospital  school  factory  church  other  (indicate).

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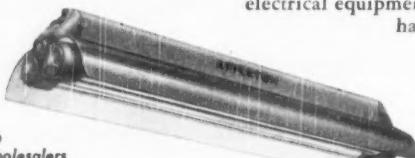
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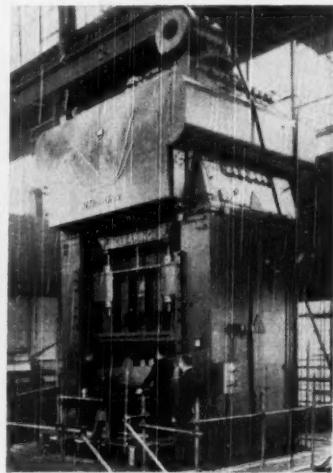


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is available for jobs where larger reservoirs of oil are required.



### DOUBLE-ACTION PRESS

Production rates of large metal stampings may be speeded as much as 70% with HiProDraw double-action press, according to the maker, Clearing Machine Corp., Chicago, Ill. Add an automatic feed and unloader attachment to the press and you get even greater outputs.

The unit has a double-movement operation for each drawing. Inner and outer slides move simultaneously when pressing a piece of metal. A special linkage device varies the speeds of the slides. Result is more strokes per minute without tearing the metal sheets.

The clearing machine operates at 12 strokes a minute; maximum speeds for this type of draw usually run about 7 a minute. The press will draw a maximum of 14 in.

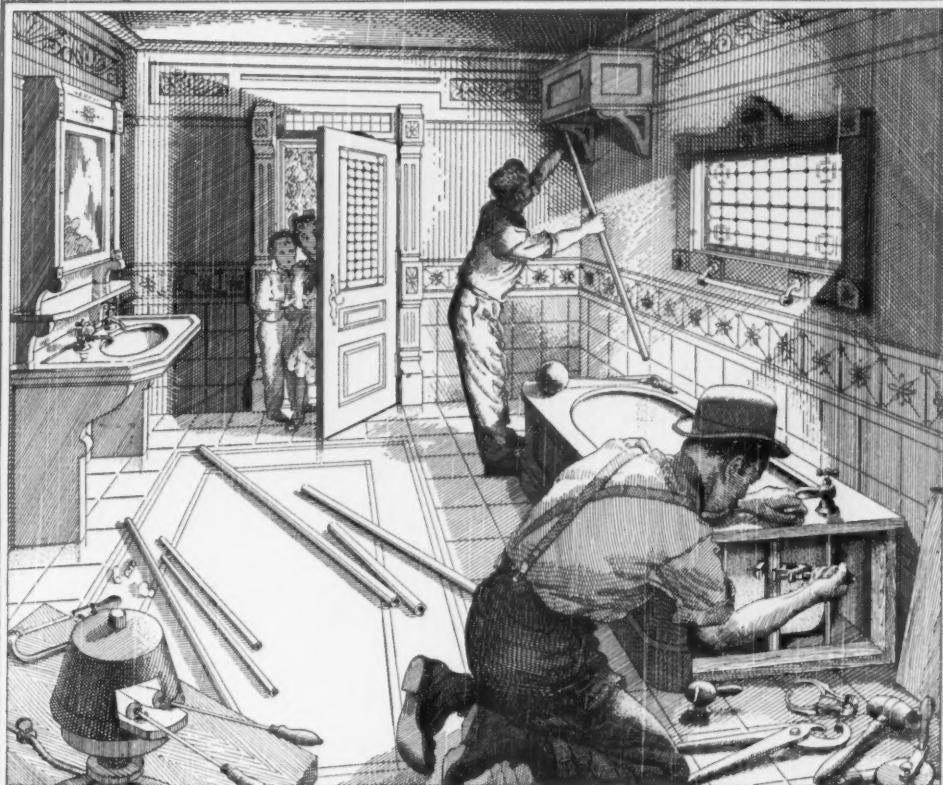
### NEW PRODUCTS BRIEFS

A crankcase oil for diesel and gasoline engines combats sludge and engine deposits. D-A Lubricant Co., Indianapolis, Ind., the manufacturer, says the oil can be used with fuels that have as much as 1% sulphur.

A permanent magnet steel, called Hyflux Alnico V, is made by Indiana Steel Products Co., Valparaiso, Ind. The company says the steel is 16% stronger than conventional magnet materials.

A paper-cup dispenser holds eight man-sized containers, can be fastened to tile or woodwork. The maker: Lily-Tulip Cup Corp., 122 E. 42 St., New York.

## BUILDERS OF THE BRASS INDUSTRY



### JAMES HART WELCH

(Fourth President of Bristol Brass)

*Rich man's son who valiantly fought that handicap . . . Who served as a Bristol Brass director for 20 years . . . Who contributed much to the present glory of the Great American Bathroom . . . and to the Great American Dining Table*

**S**ON of the second Bristol Brass president Elisha Welch . . . he of the Midas touch . . . and successor to third president Andrew Atkins, Jim Welch took office the same year as another president, name of Grover Cleveland.

That was 1893. And the next nine years of Welch's tenure were to see two more U. S. Presidents, McKinley and Teddy Roosevelt . . . two major wars, the Boer and the Spanish-American . . . as well as the admission of

Utah, and the first successful "heavier than air" flying machine, built by Langley.

Besides supplying cartridge Brass for the Cuban revolt and the Spanish-American War, Bristol supplied miles of Brass for the revolutionary invention known as "Inside Plumbing," and also a flood of handsome table cutlery, through a temporary subsidiary known as the American Silver Company.

The products of the Bristol mills were right . . . whether rod, sheet or wire . . . and delivery

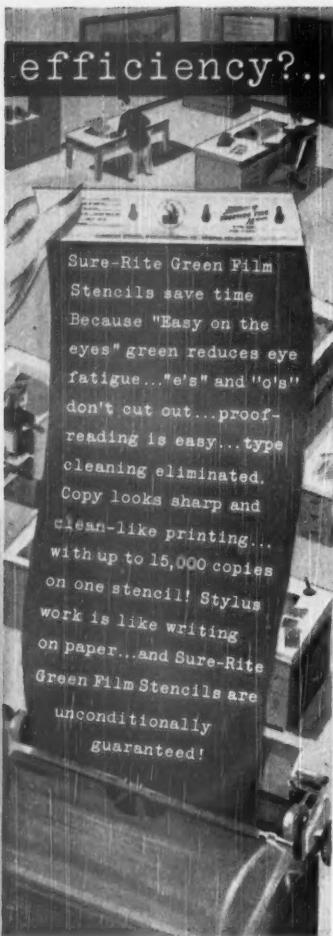
was something you could set your clock by. All of which goes to show that some things don't change much, *except for the better . . . as the years go by.*

Today, Bristol Brass mill products are available in a far wider range of types and alloys, but you can still bank on the same top quality, still set your watch by the service. *You will see, the first time you try it out for yourself!*

### One Hundred Years of BRASS made "BRISTOL FASHION"

*Like the world-famed merchant ships from Bristol, England . . . Always prompt, shipshape, reliable*  
**The BRISTOL BRASS CORPORATION, makers of Brass in Bristol, Conn. since 1850**





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# TAXES

## Pension Squeeze May Ease

Caught between unions and the tax code, business sees hope that BIR will buy its plan to make past-service pension payments fully deductible from income.

Your business may soon be able to get bigger tax deductions on certain contributions to a pension fund.

Several corporations have asked the Bureau of Internal Revenue to end a squeeze that the tax code and union contracts have clamped on them. And BIR is giving the requests a lot of thought.

As the law stands now, you may be able to deduct from taxable income only a small part of the money you pay into a pension fund to cover past-service credits of your workers.

Here is how the squeeze works:

- Bureau regulations limit annual deductions for payments on past service to 10% of the total amount needed to fund the pension due for all back service.
- But unions are demanding that all "back payments" for retiring employees be made over five years, or three, or even in one year.

Suppose a company signs up for the type of plan catching on in steel and autos. This plan calls for full payment of back credits in, say, a single year. When tax deadlines roll around, the company will find that only one-tenth of its contributions for past service can be deducted from taxable income as business expenses.

• **What They Want**—The companies want BIR to get rid of the 10%-a-year limit. That way, they could deduct all past-service payments—and still meet union demands.

The unions can't be talked out of speedy payups.

They want the cash in the fund so they can distribute it to their members if social security should ever end the need for private pensions. This has been an underlying issue in the Chrysler strike.

Corporations, though, think BIR will be easier to deal with than the unions. After all, the regulation in question was drawn up to meet a situation that has since changed radically.

• **Pensions Top Taxes**—During the war, when excess-profits taxes were high, employers wanted to sink as much money as they could into pension plans. The idea was that it was better to put profits into pensions than into taxes.

But BIR and Congress had no intention

of letting good revenue get away. So they arbitrarily limited deductions for back payments to 10%. They figured that would keep pensions from being used as a device to defer pay for executives.

• **Case Study**—Look at the way the present regulations affect the tax deductions of a midwestern metal fabricator.

The company has 627 employees, represented by Phil Murray's United Steelworkers. Its contract with the union requires it to pay up, in the next five years, all the cash needed to assure pensions to all workers retiring this year.

This plan is more liberal than most, in the time allowed for making up the past-service liability. But, even so, the company can only take tax deductions for 50% of the total—10% a year.

This way, the company figures it owes \$41,000 for past service of employees who become 65 this year. Under its contract, it can turn over to the fund \$8,200 a year until 1954. But its deduction in any one year is only \$4,100—\$20,500 in all.

• **Dodges**—Some employers have looked into other ways of financing pensions to try to get around nondeductible past-service payments. Usually, they narrow consideration down to two schemes, then decide that no alternative will really work.

**Pay-as-you-go financing.** This would permit an employer to forget about funding entirely, pay pensions out of income as they fall due. That way costs are fully deductible as current expenses. Only catch: Try to get a union to let you do it.

**Reserve-fund financing.** You would be hard put to find any legal definition of reserve-fund financing. Still, the concept is real enough. The company sets aside a fixed amount of cash each year—larger than current pension payments—but doesn't figure the amount on the basis of past-service credits. These annual payments build up the fund, at least in the early stages of the plan.

Although this plan is just about as hard to sell to the unions as pay-as-you-go, it gives the employer another way to deduct pension-fund payments from taxable income.

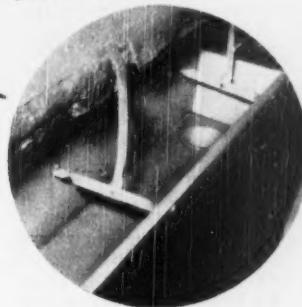
• **Only Chance**—With unions feeling as they do, though, an employer's only

An expensive corrosion problem was quickly solved with this Armco Stainless Steel roof drainage system on the Muskingum Fiber Products Company, Coshocton, Ohio.



Average service life of galvanized steel gutters was only 15 months. Note rain pouring through rust holes.

After two years exposure to severely corrosive conditions, this stainless drainage system is sound and solid.



## **Stainless steel solves severe corrosion problem here**

Four times in five years this paperboard mill installed a new roof drainage system of galvanized steel. This was necessary because of the severe corrosive conditions during round-the-clock operation. Then they installed a roof drainage system of Armco Stainless Steel.

Today, two years later, the stainless roof drainage system is in perfect condition. The Purchasing Agent said, "As far as we can see, the system should last indefinitely."

And cost-wise, "Considering the high expense for labor and material we are confident this stainless installation is going to return its cost several times over."

If you are having a similar battle with corrosion, it is likely that Armco Stainless will slash your repair and maintenance bills. Write us about your roofing and roof drainage problems—we shall be glad to help you with recommendations.

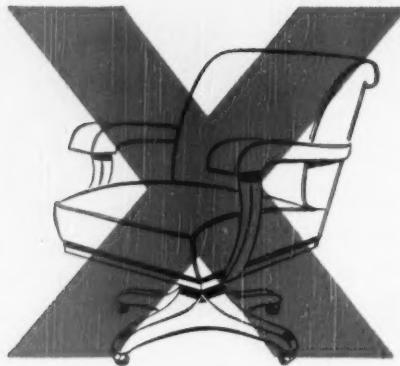
But this is only one of the many uses for Armco Stainless Steels. There is a grade in sheets, strip, plates, bars and wire for every requirement—from beautiful consumer products to industrial equipment of all kinds. Send for literature pertaining to your specific requirements. It will pay you to investigate Armco Stainless Steels.



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**"Swivel-chair" facts** are usually worth no more than the effort expended in gathering them. That's why our research technicians wear out shoe leather, but develop no shine on the pants.

You'll find United States Testing Company technicians on the prairie states' ranches making wool core tests. In the nation's textile mills developing fabrics and processes. In retail stores from coast to coast buying products for check-testing. On location, inspecting and testing building materials used on construction projects and highways.

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## **UNITED STATES TESTING COMPANY, INC.**

real chance to get a tax deduction for the full amount of his pension costs lies in an easing of the regulations.

BIR doesn't want to come right out and grant everyone the right to deduct total past-service contributions whenever they are made. The bureau would rather feel its way along, deciding on what deductions can be taken, year by year and company by company.

Businessmen, and indirectly the unions, however, have a lot at stake in the issue. Revenue officials privately admit they expect the pressure to become so great that a general ruling—in effect, a new regulation—will be issued.

## **"Nix," Said BIR**

**It looked so good: a capital investment that paid for itself with its own profits. But it didn't look so good to the BIR.**

Businessmen are always looking for new ways to cut the risk on their investments. One promising scheme that cropped up a while ago involved paying for manufacturing equipment with royalties on what the equipment produced—and deducting the royalties from taxable income. It looked like a fine idea—until the Bureau of Internal Revenue said nothing doing.

• **Sure Thing**—The scheme was worked out, by a stoker manufacturer who wanted to take over the unprofitable line of another company. The buyer did not want to put up a lot of cash for the assets until he was sure he could operate them at a profit. These were the terms of the sale:

(1) In exchange for the assets, the buyer agreed to pay royalties on all stoker units sold.

(2) The buyer guaranteed \$2,500 a year in royalties for the first two years, but could return the property at any time.

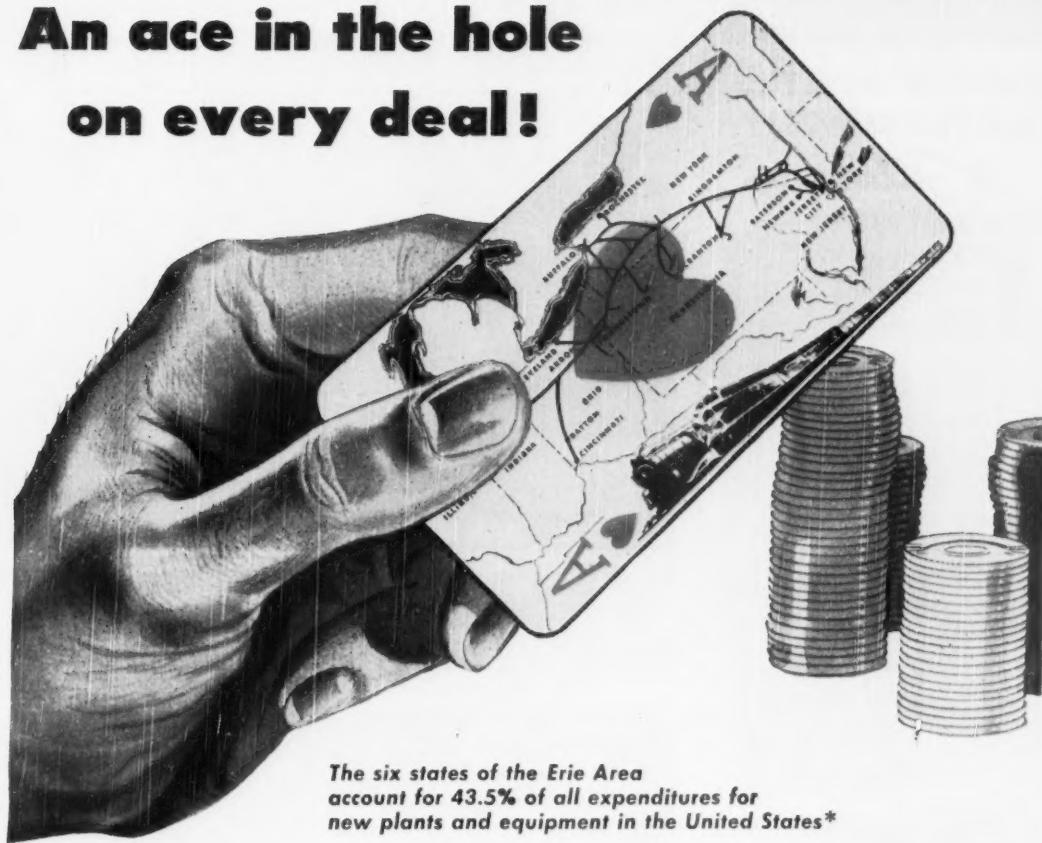
(3) Title to the business was to stay with the seller until \$70,000 in royalties were paid.

• **Disallowed**—For the years 1941 to 1944, the buyer paid \$30,000 in royalties—and deducted the sum from his income tax as a cost. Checking the returns, BIR disallowed the deduction.

The buyer appealed to the U. S. Tax Court. He claimed that, for legal purchase, he would have had to take title to the assets at the start. The fact that he could return the property at any time made the payments rent.

But the Tax Court ruled for the bureau. It held that the payments actually gave the buyer an equity in the property; so the royalties had to be regarded as instalment payments. (Chicago Stoker Corp. v. Com., 14 T. C. No. 52)

# An ace in the hole on every deal!



**The six states of the Erie Area  
account for 43.5% of all expenditures for  
new plants and equipment in the United States\***

**Y**OU don't gamble when you choose the Erie Area for a plant location. For the six states of the Erie Area have *all* the requirements for the success and growth of almost every type of industry. There is coal, iron, sand, lime, salt, lumber, gas, petroleum, agricultural products, along with excellent transportation facilities.

With the growth of the Erie Area, there has developed a tremendous supply of electrical power, a concentration of skilled workers, sup-

plies of parts and machinery by the hundreds, and markets second to none—where 40% of the country's retail sales are made!

The area is served by the Erie Railroad . . . safe, dependable transportation that connects with other railroads and with the famous harbor of New York for export shipments. Our experienced personnel will help you find the right spot for your plant in the Erie Area . . . manufacturing and market center of the nation.

## Here's how to get action!

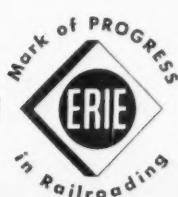
Send an outline of your needs and preferred location to Mr. A. B. Johnson, Vice President, Room 502, Midland Building, Cleveland 15, Ohio. All information will be held in the strictest confidence.

\*Source: Census of Manufacturers, 1947 Report MC100-8

# Erie Railroad



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# CITIES

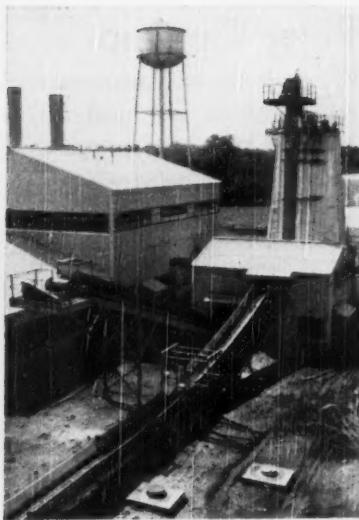


**THEN** In the old days, this is what Natchez, Miss., meant to the average American—historic old mansions from plantation days. But it isn't that way anymore.

## Natchez: There Is Nothing



**BIG NATCHEZ PLANTS**, such as Sears' Armstrong Tire & Rubber, came in to get close to southern markets. And Natchez has encouraged its new industries with some big concessions. The new, fat payrolls have made things pleasanter for Natchez retailers.



**NOW** Plants like Johns-Manville give Natchez industrial look.

## Like a Payroll

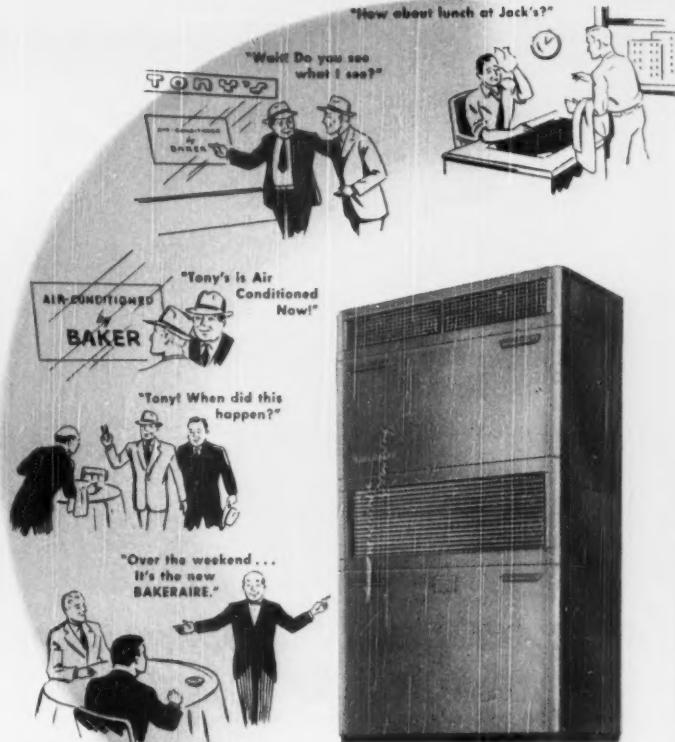
A little over ten years ago, the businessmen of Natchez, Miss., got tired of making money for about one month a year when the tourists moved in, then depending the rest of the year on the neighboring farmers.

At about the same time, Sears, Roebuck & Co. was looking around the South for a spot to put another Armstrong Tire & Rubber Co. plant. (Armstrong is Sears' tire making subsidiary.) Mississippi's governor at the time, Hugh L. White, worked out a plan to "balance agriculture with industry" (BAWI). This plan permitted Mississippi communities to float bonds in order to provide industrial sites for new industries.

That gave Natchez businessmen the boost they were looking for. The city floated bonds to provide for Armstrong's location, and the company put up a plant.

Johns-Manville Corp. and International Paper Corp.'s Southern Kraft Division also took advantage of Natchez' plant site offers. They wanted to be near the big supplies of wood pulp in the Natchez area.

Natchez claims its industrial workers are getting paid as well as those in other areas, and local business now is supported by a stable economy. But there's still plenty of land and resources left, say Natchez business leaders.



Business goes up  
when BAKERAIRE goes in

Somewhere, the year 'round, people are seeking out the air conditioned places. Restaurants, taverns, theatres, stores — equipped with BAKER Air Conditioning — are gaining new customers to have and to hold.

BAKERAIRE-conditioning is more than coolness. Temperature, humidity, circulation and ventilation are *zone-balanced* to produce *uniform comfort*. Air from the conditioned space is cleaned, mixed with fresh air, cooled, de-humidified and circulated without drafts. Odors disappear... *No wonder business goes up when BAKERAIRE goes in!*

BAKERAIRE is a self-contained "packaged" unit, assembled and tested at the factory. It will be installed to

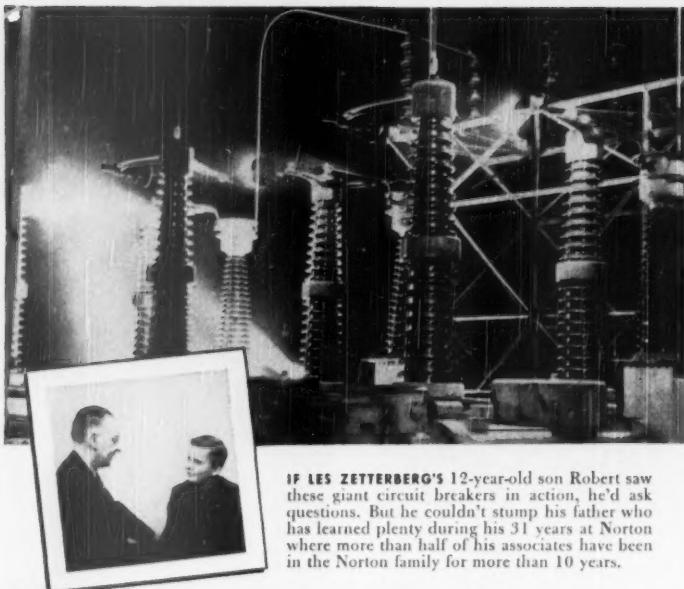
fit your needs by an air conditioning expert — one of BAKER'S many experienced Distributors.

Write for the BAKERAIRE Folder — a complete explanation of how and why the new BAKERAIRE will give you all you need (within 3, 5, 7½ and 10 tons of refrigeration) to provide modern air conditioning — at moderate cost — at short notice.

BAKER REFRIGERATION CORPORATION  
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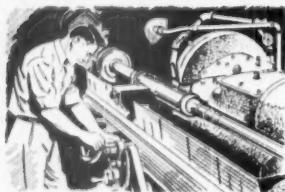
*Zone balanced • Engineered*  
**BAKER**   
**AIR CONDITIONING  
AND REFRIGERATION**



IF LES ZETTERBERG'S 12-year-old son Robert saw these giant circuit breakers in action, he'd ask questions. But he couldn't stump his father who has learned plenty during his 31 years at Norton where more than half of his associates have been in the Norton family for more than 10 years.

## "WHAT ARE THOSE FIREWORKS, DAD?"

"Powerful sparks, son, from high voltage electricity controlled by circuit breakers. And speaking of controlling electrical performance, Robert, Norton has a hand in that, too, all the way from powerhouse to our kitchen."



"MAKING GENERATOR SHAFTS TRUE" with Norton grinders and grinding wheels helps get electricity off to a good start. The same quality-lifting Norton touch also improves vital parts of meters . . . big ones in factories . . . smaller ones in homes.



"FINISHING DELICATE PARTS" of appliances is a quality job done by Norton tumbling abrasives. Dies and molds that form such parts are made better by Norton abrasives. Heating units of ranges, too, are more efficient because of a Norton insulating refractory.

"THOSE ARE JUST A FEW OF THE WAYS, ROBERT," by which Norton, world's largest manufacturer of abrasives, helps electrical products give better service. Countless other products, too, owe a lot to Norton."

## TECHNOLOGY

### River Cleanup

Industry and government representatives will meet next week to get campaign against water pollution going.

Industry and government are finally getting set to put some muscle into the much-discussed campaign against water pollution. Next week, industry representatives will go to Washington to talk things over with officials of the U.S. Public Health Service. Together, they will set up a working organization to cut down the pollution of the nation's streams by its industrial machines (BW-Jul'49, p108).

• **Task Force**—Major objective of next week's meeting is to set up a technical task committee of some 30 experts. These experts will supervise some 250 technicians who will form working committees to give the problems a thorough going-over.

This meeting is expected to come up with "yardsticks" or basic formulas and terms that PHS and industry engineers can agree on.

The job of administering pollution control is mainly PHS's baby. But PHS has hung back until it could get the reaction of industry's technical men. It knows no program will work unless industry goes along. On the other hand, industry has complained that it never could find out from PHS just what the program involved. Next week's meetings should help get the thing rolling.

The man who is putting most of the steam into the program is Louis F. Warrick, chief of PHS's technical service branch. He stumped the nation six months ago to talk to industry and local authorities, came back with the word that industry would back a national task force.

• **The Law**—Under the Water Pollution Control Act of 1948, federal, financial, and technical aid is provided for states and municipalities in tackling the pollution problem—industry gets no direct help. The act authorizes expenditures for the states not to exceed \$27-million a year for a five-year period. Of this, \$22.5-million a year is to be used as low-interest loans for building public treatment works.

During the five-year period, \$5-million are authorized as grants to states for investigations and research on industrial wastes, and another \$5-million as grants to municipalities for planning treatment works. A \$4-million authori-

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BEHR-MANNING, TROY, N.Y., IS A DIVISION OF NORTON COMPANY

zation is to be used for federal pollution research facilities in Cincinnati.

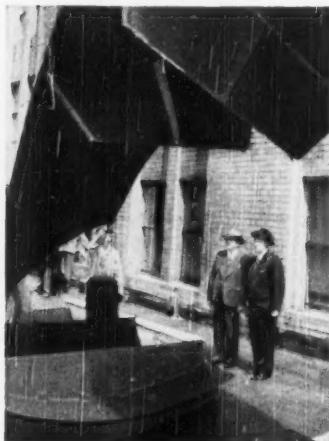
Congress appropriated \$2,450,000 for use in fiscal 1950. It appropriated no money for construction loans.

So far, the Public Health Service has set up a division of water pollution control in Washington and partitioned the country administratively into 10 major river basins.

• Proposals—Several amendments to the act have been proposed. One would increase the loan provisions from the present \$250,000 to \$5-million for individual projects; another would reduce interest rates on these loans from 2% to 1%. A third would raise the annual appropriation for loan funds from \$22.5-million to \$50-million.

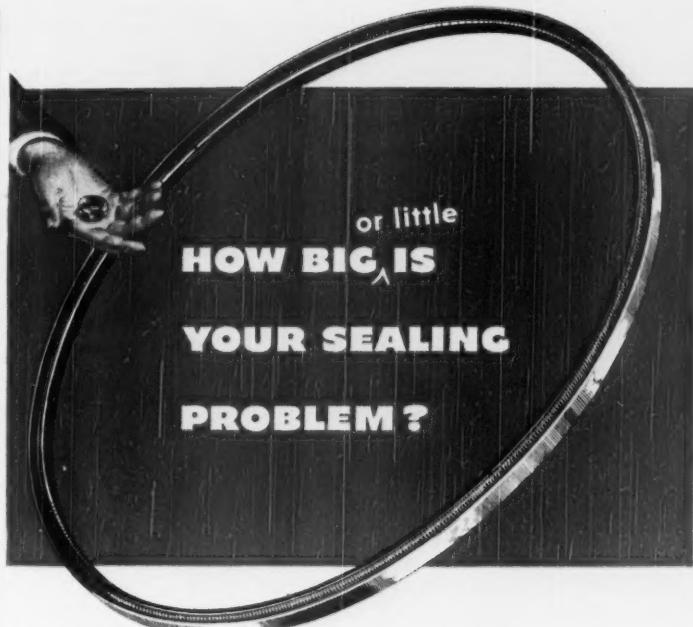
Rep. Byrnes of Wisconsin has still another bill. It would allow, as income tax deductions, amounts paid for industrial treatment works. It also provides for accelerated (five-year) depreciation. This would help middle-size firms, who find expensive treatment plants a drag on their purses. Most of the larger companies have gone ahead and built their own plants.

• Clean Air, Too—Meanwhile, another kind of pollution got an airing this week. The first government-sponsored conference on air pollution met in Washington at the request of President Truman. It mapped plans for an annual expenditure by industry and government of \$100-million on latest control equipment.



### For a Full Water Bucket

New York's Hotel Waldorf-Astoria will contribute a 250-billion gallon mite to the city's water-saving drive. New equipment, costing \$300,000, will recirculate water through the hotel's air conditioner. Frank Ready (left), vice-president of the hotel, and City Water Commissioner Stephen Caney watch the installation.



A 48" oil seal for a gigantic steel mill. A dime-sized job for a complex bookkeeping machine. Both were engineered and produced by Chicago Rawhide. Your own sealing problem may be just as unique, and Chicago Rawhide engineers can help you, too. Because Chicago Rawhide is the world's largest producer of shaft-type oil seals, it has vast resources of experience to place at your disposal. When you are planning a new product or rectifying trouble in an old one, supplement your own research and engineering with C/R service. Solving critical sealing and protective problems has been Chicago Rawhide's specialty for seventy-two years, and includes pioneering and development of both compounded synthetic rubber and industrial leather products. C/R will welcome the opportunity to study your needs.

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**For Engineering, Tooling, Contract Manufacturing**  
**TAKE IT TO TAFT-PEIRCE**



## READERS REPORT:

### Swamped With Debt?

Sirs:

Your remarks on "Is the Country Swamped With Debt?" (BW—Mar. 25 '50, p19) fail to deal, in my opinion, with an important aspect of this problem.

You show that although nonfarm mortgage and instalment debt is now around \$50-billion, yet as a percent of disposable income, it is less than it was prewar.

However, the real point is that those in debt today in the lower income brackets (under \$4,000 per year) are least able to stand the strain. I think it could be shown that the lower income brackets have a very much greater indebtedness in relation to disposable income than prewar. Even if this is not correct, any sudden unemployment wave or part-time work for the lower income groups, would play havoc with the loan agencies.

Your article is one of the many now in circulation which try to prove that the greater the debt, the greater the prosperity, which is a fallacy that in a comparatively short time will prove to be as false as the idea that we can achieve even greater prosperity by a continual increase in deficit financing.

PHILIP HENRY

LOS ANGELES, CALIF.

Sirs:

"Is the Country Swamped With Debt?" (BW—Mar. 25 '50, p19) is not only a provocative question but an excellent article. However, to the extent that the rate of increase in the percentage of debt to gross income, if continued, is more important than our present position in relation to it, we challenge your conclusion that our position is "comfortable."

You made a statement in the article that the total debt of the country is \$635-billion, and rightly so, you call it staggering. The figure we have arrived at for total debt is several hundred-billion below yours.

ROBERT F. ZICARELLI

INVESTMENT DEPT.,  
 NORTHWESTERN UNIVERSITY,  
 EVANSTON, ILL.

• Our adding machines jumped a couple of hundred billion. The figure should have been \$435-billion.

### No Free Rides

Sirs:

In your article "Fewer Riders, More Money" (BW—Apr. 1 '50, p52), you state that Erie and Lackawanna ferries are "free" to commuters. I assure you

# BUSINESS IN MOTION

*To our Colleagues in American Business ...*

An important part of Revere's contribution to American industry is rendered by the Technical Advisory Service. This is a body of capable engineers and technicians, located in all parts of the country, who collaborate with customers and prospects and in so doing provide liaison with Revere Research. Their work includes not only advice on the selection and specification of the Revere Metals for specific applications, but quite often involves the solution of manufacturing problems. The Technical Advisor, or "T.A." as we call him, has an extremely interesting job. One call may be upon a great shipyard, the next upon a jeweler, and the following one on a hardware manufacturer. Each T.A. tends to specialize to a certain extent along the natural lines laid down by his education and experience. Since the group is highly diversified, it is always possible to call into service the man or men most familiar with a given industry or problem. Here are several instances of the work done by Revere T.A.s.

• A shipyard was using electrolytic copper to make large-diameter pipes to carry cooling water to the condensers. The copper was purchased in sheets, formed into shapes of varying degrees of complexity, and brazed. The T.A. suggested that while electrolytic copper can be brazed, phosphor-deoxidized copper is far superior. He recommended that a trial be made of a few sheets. During a subsequent call on another matter the T.A. asked what the results had been. He was told that the phosphor-deoxidized

copper was very much better; the ease of forming and brazing saved a great deal of time, more than making up for the extra cost of the alloy.

• The manufacturer of a clothes dryer reported difficulty in drilling aluminum tube and aluminum extruded shapes, due to burrs around the holes. The drills used were found to be unsuitable for the purpose, so the T.A. obtained a high-spiral drill, ground it to the right rake and point angles in the Revere machine shop, and tried it out on samples from the customer's order. Clean holes were produced with almost no burring. Elimination of a de-burring operation reduced manufacturing costs.

• A large hardware manufacturer was buying and stocking too many types of materials, many of them differing only slightly. The T.A. Service collaborated with the engineering and production departments, and recommended simplified specifications for 225 items out of 360. Result: purchase of larger

quantities in the most economical sizes, with reduction of inventories, and lessening of clerical work. The first year showed a saving of about \$25,000.

In reporting these three examples Revere gives itself no special credit, since work of this kind is undertaken by suppliers in all industries, paper and glass, chemicals and plastics, felts, rubber, and so on. The point we stress is that you can obtain not only materials, but also the know-how and knowledge back of them, if you but allow your suppliers to work closely with you. Why not try it? The results may amaze you.



## REVERE COPPER AND BRASS INCORPORATED

*Founded by Paul Revere in 1801*



*Executive Offices:*

**230 Park Avenue, New York 17, N. Y.**

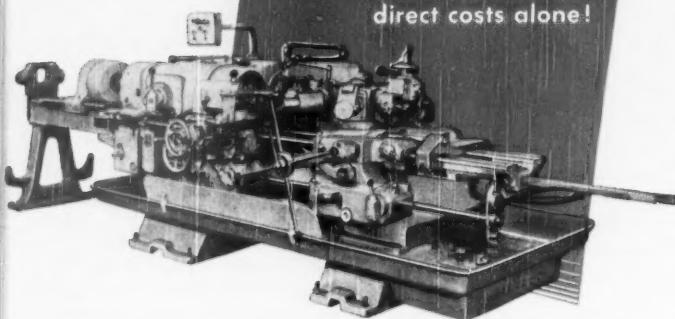
# 41% DIVIDEND

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This Jones & Lamson Turret Lathe  
will have

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ARE YOU EQUIPPED TO YOUR BEST ADVANTAGE? Get a free check-up on your present operations. Write to our PRODUCTION RESEARCH DEPARTMENT for this service.

Investments in cost cutting, up-to-the-minute equipment can pay handsome dividends in money savings and improve your competitive position as well.

it is practically impossible to purchase a ticket to Jersey City, even if that is one's destination.

Therefore, until recently, the Erie has not had to furnish ferry service to the extent for which it has been paid, as many passengers had to, or preferred to, use the tube at extra expense to themselves. Now that H&M has classed itself as a luxury, many commuters are availing themselves of the ferry service for which they have paid in every railroad ticket that they purchased but which they have not previously used.

W. A. SAYER

PEARL RIVER, N. Y.

• Obviously the ferry is not a "free" ride, but is a part of what the commuter pays for when he buys a ticket from his home to New York. We were cognizant of this fact when we wrote the story and we are sorry that our phraseology indicated that the Erie and Lackawanna Railroads were running charitable operations across the Hudson River.

### Northern Pacific

Sirs:

Your article "Jim Hill Rides Again—On Bieber Route" (BW—Apr. 8/50, p72) is a very interesting story of recent developments in the competition for north-south freight business on the West Coast.

I call your attention to a misstatement with reference to ownership of the S.P.&S. The story says "Great Northern owns the S.P.&S." Actually, the Northern Pacific and Great Northern jointly built and own the S.P.&S. system.

L. L. PERRIN

ADVERTISING MANAGER,  
NORTHERN PACIFIC RAILWAY CO.,  
ST. PAUL 1, MINN.

### Passamaquoddy

Sirs:

Let's get the facts right about Quoddy. The International Passamaquoddy Engineering Board on Mar. 15 reported that the Tidal Power Development can be physically engineered, constructed, and operated and that an investigation to determine its economic feasibility would cost approximately \$3,900,000 (three million nine hundred thousand dollars) not \$39,000,000 (thirty-nine million dollars) as stated on page 28 of your Apr. 15 issue.

E. GERALD GREY  
ALLEY & RICHARDS INC.,  
BOSTON, MASS.

• The \$3.9-million figure is correct. The decimal point was dropped on the printing room floor.



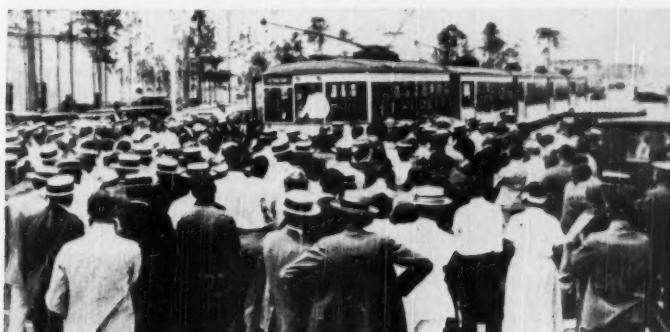
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MACHINE TOOL CRAFTSMEN SINCE 1835

# REGIONS



TENT CITY housed Coral Gables construction workers during feverish 1925 boom days.



CELEBRATION marked incorporation of new town, arrival of first street cars.



TODAY, no signs remain of the old stretch of pine trees, palmettos, and coral rock. Broad main shopping street which replaced it is called "miracle mile."

## Florida's Boom Baby Grows Up

Twenty-five years ago last week, old orator and Democrat William Jennings Bryan helped launch one of the most promising-sounding ventures of the Florida boom, the brand-new town of Coral Gables.

A few short, happy months later, the

boom collapsed, and Coral Gables almost went with it. But not quite.

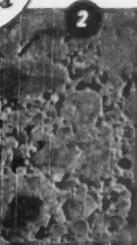
Last week, the boom baby celebrated its twenty-fifth birthday. And the future looked fine. Population is 23,000 and growing. Building permits last year came close to \$10-million.

IF YOU THINK  
*all cement  
floors are  
alike...*



"Kalman cement floor. Note uniform density, freedom from voids, also even distribution of greater quantity of coarse aggregate."

Compare  
these cross  
sections



"Typical example of best results by fully compacted floors laid with an initial low water-cement ratio. Note greater thickness caused by large percentage of voids."

"Both sections made of the same materials and contain the same total volume."

THESE differences are some of the reasons why a Kalman Floor has a longer life expectancy than any other. This is why the leaders in American business and industry have been specifying Kalman Granolithic Cement Floors for 30 years, during which time Kalman has installed more than a quarter of a billion square feet.

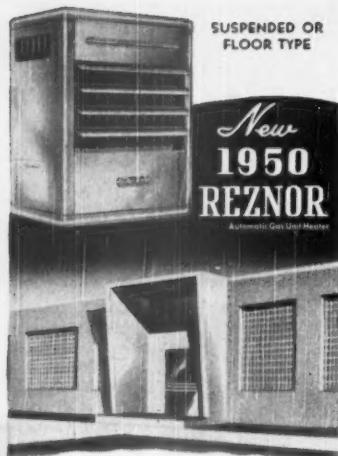
Don't specify just any cement floor. Send for this FREE booklet and read about successful floors and the Kalman Method of Installation by the Water Absorption Control Process.

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## New Fight for Ohio Conveyor

Backers of cross-country belt project will try again to get state legislature's O. K.

The boys who dreamed up the fabulous conveyor belt to run from the Ohio River to Lake Erie are at it again (BW—Feb. 12 '49, p45). They are going to try to push a proposal through the Ohio legislature that will give them the right of eminent domain so they can go ahead with their project.

The plan was first made public a little over a year ago by its backers, officials of the Akron, Canton & Youngstown Railroad. They called their venture Riverlake Belt Conveyor Lines, Inc. The idea is to run a rubber belt conveyor system from the Ohio River to Lake Erie. That way coal could be carried up and iron ore could be carried down to Youngstown and the rest of the steelmakers in the area.

• **Railroads Don't Like It**—Hauling coal and ore to the mills is one of the biggest single sources of revenue for Ohio's railroads. When Riverlake came along and said it could replace them and cut a dollar or more a ton off the cost of steelmaking materials, the railroads started to fight back.

Their first chance came last year, when Riverlake got a bill into the state legislature aimed at giving the company rights-of-way for its project. The railroad unions joined in the battle, and the bill was licked (BW—May 21 '49, p32).

Now they are starting their second campaign. Riverlake has announced

that it is going to try to get another bill passed first chance it gets. So the railroads have already gone to work to kill it.

• **Rail Case**—E. S. Rupp, Baltimore & Ohio R.R.'s general manager, says that the belt is a deadly threat to every railroad in the state. It could cost the state's 15,000 railroad employees their jobs, he says.

Riverlake officials figure that the belt could carry 52-million tons of ore, coal, and limestone a year. Rupp says that that much traffic lost would cost the 11 roads operating in the state about \$116-million in revenues—34% of their gross freight revenue.

Railroad men feel that since the belt would only carry bulky material and no miscellaneous goods, it can't qualify as a legitimate common carrier eligible for eminent domain.

• **Belt Reply**—Noel R. Michell, Riverlake's secretary, countered this argument by citing gas, telephone, water, oil, and telegraph concerns, which Ohio law classifies as common carriers. Michell claims that if companies that only transport one commodity can use eminent domain to get rights-of-way, then Riverlake with at least three commodities ought to have the same right.

It's too early now to tell who's ahead in the fight, but it's pretty certain that it will be a long, hard battle.

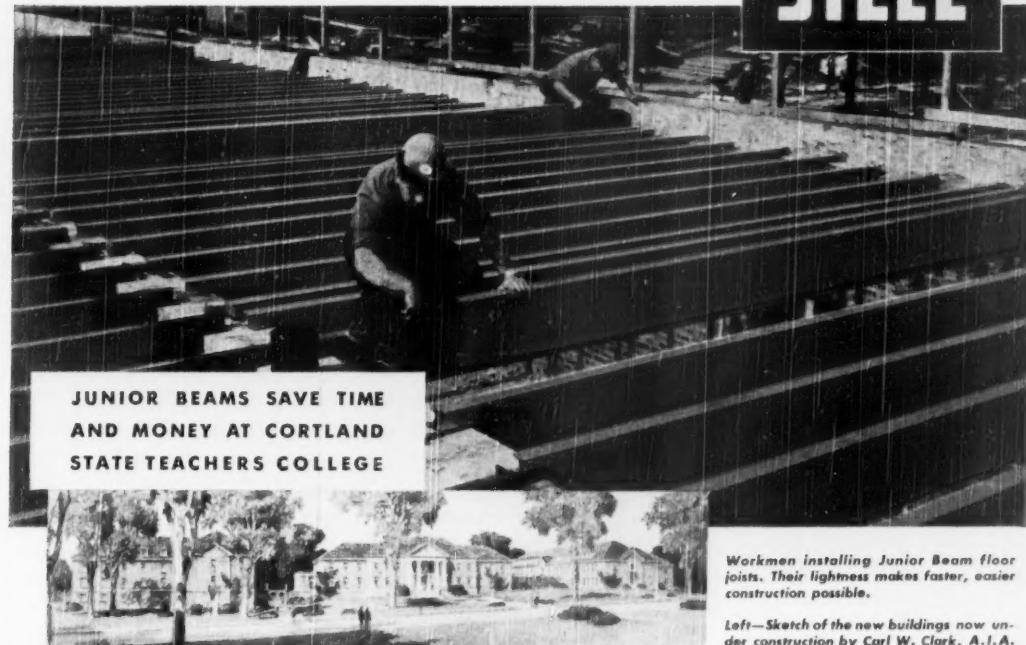


## It Costs \$30-Million, But It Houses 5,000

Metropolitan Life Insurance Co.'s newest housing giant is nearing completion at San Francisco. This one consists of 11 separate

13-story buildings plus garages for 1,600 cars. By next fall, it should be ready to house 5,000 people in its 2,000 apartments.

# Modern Low-Cost Low-Maintenance Floor Construction with J&L JUNIOR BEAMS



**JUNIOR BEAMS SAVE TIME  
AND MONEY AT CORTLAND  
STATE TEACHERS COLLEGE**



*Workmen installing Junior Beam floor joists. Their lightness makes faster, easier construction possible.*

*Left—Sketch of the new buildings now under construction by Carl W. Clark, A.I.A.*

Tomorrow's teachers preparing at Cortland State Teachers College, Cortland, New York, will occupy three Georgian style buildings, now being constructed of the most modern materials to insure permanence as well as architectural beauty.

An important example of this up-to-date building technique is the installation of 130 tons of J&L Junior Beam floor joists. Architect Carl W. Clark, selected Junior Beams as the result of a continuous study which he conducts on the cost of materials and the relative economy of design.

Cortland State Teachers College clearly demonstrates the practical advantages of Junior Beam construction. Syracuse Engineering Company

cuts Junior Beams to length—delivers them to the job with clip angles welded to the ends: Workmen are able to speedily position the lightweight Junior Beams by hand, enabling brick laying and wall construction to proceed without delay.

*To quote one of the foremen, "This job works together better than any job I've been on." The result—lower costs through faster, easier construction.*

Junior Beams, produced exclusively by J&L, require less maintenance—no vibration and shrink proof—rigid—termite and fire proof—adaptable to any finished floor—assure lower fire insurance rates. These advantages add up to dollars saved now and in the future.

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If you are planning or building schools, dormitories, apartments, warehouses, or any other structure where economical permanent construction is important, let us send you the booklet "Skyscraper Construction for Every Building." It gives information and engineering data on J&L Junior Beams—the modern versatile, lightweight structural member.

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Please send me a free copy of your Junior Beam booklet, "Skyscraper Construction for Every Building."

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From its own raw materials, J&L manufactures a full line of carbon steel products, as well as certain products in OTSCOLoy and JALLOY (hi-tensile steels).

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# Light the Way to New Sales

with **VINYLITE** Plastic  
BRAND  
Rigid Sheets

Seen these beautiful, multi-colored, washable lampshades in the stores? They are one of hundreds of brilliant new uses of VINYLITE Plastic Rigid Sheets.

Easily formed and readily printed, they hold their shape indefinitely. These qualities plus fine styling have already zoomed the reasonably priced lampshades into mass sales.

VINYLITE Brand Plastic Rigid Sheets are waterproof, chemical resistant, and flameproof. They are available in an unlimited range of colors—either clear, translucent, or opaque, with glossy smooth or matte surfaces. These useful properties help make greatly improved doll faces, three-dimensional counter displays, calendar business cards, precision drafting instruments, Christmas tree ornaments, and many more useful items. The exceptional versatility of VINYLITE Brand Plastics, in a variety of types and forms, can upgrade your products, too. Bring your problems to Bakelite engineers. With 40 years of plastics experience to draw upon, they'll surely be able to help. Write Dept. HS-62.

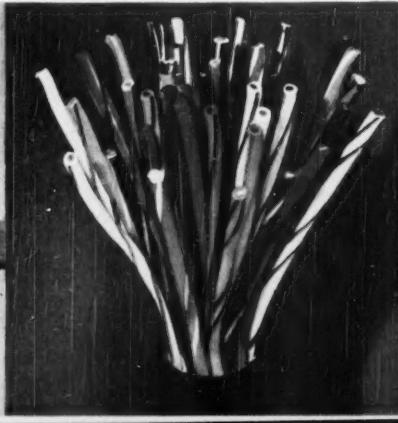
Lampshades courtesy  
L. A. Goodman Mfg. Co.,  
131 West 63rd Street, Chicago, Ill.



**IMPROVED APPEARANCE.** Tooth powder container tops of lighter-than-water BAKELITE Polyethylene Plastic are flexible and snap-tight fitting. Water has no effect on them. They're colorful, too, and easily molded at low cost. Produced by Sameric Incorporated, Riverdale, N. J.

**RELIABLE INSULATION** is provided for this electric circuit control cable—by color-keyed VINYLITE Plastic insulation on the conductors, and a BAKELITE Polyethylene outer jacket for lasting protection against oil, water, chemicals. By Anaconda Wire & Cable Co., 25 Broadway, New York, N. Y.

**EASILY FORMED.** Soft, flexible puppet and doll heads of complex shape are now formed of VINYLITE Dispersion Resins. These compounds are durable. They resist grease, oil, chemicals. They come in all colors. Heads made by Geneva Mfg. Corp., 1731 No. Olden Ave. Ext., Trenton, N. J.



# MARKETING

## Inventories: Who Wants Them?

Not I, says the retailer. Not I, says the manufacturer. But someone has to keep them. So manufacturers are baiting traps for dealers with dating plans, price guarantees, special discounts.

Ever since the postwar inflation topped off, retailers have tried to shove the risk of inventories back on the manufacturer—and vice-versa.

• **Old Hat**—This buck passing is what you might expect. Whoever has his shelves piled with goods stands the chance of losing his shirt when prices turn down. The storekeeper who gets his stocks down to a hand-to-mouth basis feels he's relatively safe.

Not all retailers, of course, hew to the hand-to-mouth line. A good many realize that if there isn't enough stock around, sales are bound to suffer—for lack of an adequate variety of stock.

• **Uncertainty**—Last week, both manufacturers and retailers had a chance to mull over some ideas tossed out by H. Stanley Marcus, executive vice-president of Neiman-Marcus, the big Dallas department store. Deferring purchases until the very last minute, said Marcus, creates an undesirable economic uncertainty. Garment makers, for instance, don't manufacture until they have commitments from the stores. When those commitments come late, garment manufacturers have to work night and day to fill the orders.

Last fall, says Marcus, that brought on a side-tracking of merchandise from small buyers who had placed orders early to the big retail buying groups that were able to put on pressure for fast delivery.

This isn't true just of the department-store trade. Manufacturers who distribute through small appliance stores and other types of specialty stores have the same trouble. Tire stores, hardware stores, and farm equipment dealers all like to kick up their heels.

• **Why They Want It**—The chief reason that manufacturers want the dealers to carry more inventory is this: With firm orders on the books, the manufacturer can figure out economical production schedules, run his plant on a fairly steady basis. If orders come in little dribs and drabs, the manufacturer has to run his plant at capacity, maybe paying overtime wages, to fill the orders; then he shuts down until the next order comes along.

The manufacturer could, of course, run at a more-or-less steady pace and build up some inventories of his own.

That way, he could fill the orders, when they came, out of stocks. Like the retailer, though, the manufacturer doesn't relish the risk of a large inventory. And a lot of manufacturers haven't yet recovered from the wartime habit of expecting everything to move out of the plant the minute it's made.

• **Retailers' Case**—There are plenty of reasons why retailers don't want to carry stocks:

- Inventories tie up money. And when your money is in goods, you can't snap at a good thing—such as buying up a big stock of merchandise from a distress source.

- Prices might drop before the retailer unloaded his big stocks. That would mean taking a loss on every piece of merchandise that was cut.

- Warehousing a big stock, particularly of heavy goods, costs money.

- Lots of retailers don't want to handcuff themselves to a line of products early in the season. This is especially true if another manufacturer is ready to bring out a line that may be better, cheaper, or more salable. The merchants want to look over the whole field before they make up their minds.

The chief reason, though, that many retailers aren't stocking up is this: In the present market, they don't have to. If one manufacturer gets hard on a dealer, the retailer can always switch to another who will play it softer to get his business.

• **No Cure-All**—Apparently, there is no new cure-all to the retailers' inventory resistance. But manufacturers are trying some of the old methods to get them to build up stocks.

Most of these involve sweetening the deal for the dealer, so he'll put more products on his shelves or in his warehouse.

The most widely used system is the "dating" plan. It works this way: If you're a manufacturer of portable space-heaters (with a retail sales season beginning about Labor Day and lasting through the cold months), you ship space heaters to your dealers early in the year. But you don't bill the dealers until the sales season begins. That way, the dealer doesn't have to tie his money up in space heaters before the season begins, although he may have a good

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FASTEAST DELIVERY...  
...SO ROUTE THAT  
SHIPMENT BY  
P.I.E..."



★ **PROVED PERFORMANCE!** P.I.E serves more than one hundred thousand different shippers and consignees every year.

★ **GREATEST SECURITY!** P.I.E is financially strong. Your cargo is protected by \$3,000,000.00 of insurance against fire, theft, damage.

★ **DEPENDABLE CONNECTING CARRIER SERVICE** to every point in the United States.

★ **ECONOMY!** Compare the rates!

**PLUS**

**FASTEAST-BY-LAND FREIGHT DELIVERY**  
Between

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Comparable Speed to All Intermediate Points



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PACIFIC INTERMOUNTAIN EXPRESS

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CONTINENTAL AIR LINES, Inc. says:

# SYLVANIA TRIPLE-LIFE FLUORESCENT LAMPS...



CONTINENTAL AIR LINES, INC.  
STANLEIGH AIRFIELD  
Denver, Colorado

*"...last much longer than  
any other fluorescent  
lamps"*



"It has been our experience that Sylvania Long-Life Fluorescent Lamps last much longer . . . in many cases twice as long . . . as other fluorescent lamps.

Richard G. Schorling  
Director of Purchasing  
Continental Air Lines

Now rated at  
7500 hours

"In converting to this type of fluorescent lamp from incandescent lamps, the current saved has enabled us to pay for this conversion in a two-year period, plus affording more light to each office worker."

• Again and again, glowing reports come to Sylvania concerning the longer life and efficiency of the new "Triple-Life" Fluorescent Lamps.

These lamps now last three times longer than previously rated (new rating, 7500 hours . . . old rating, 2500 hours).

Tests on 11,000,000 Sylvania Fluorescent Lamps in

plants, offices, and stores, for 2½ years, have proved, beyond doubt, that with Sylvania your initial cost is your only lamp cost for years to come.

Ask your regular Sylvania distributor for full details, or write direct to Sylvania Electric Products Inc., Advertising Department L-1305, 1740 Broadway, New York 19, N. Y.

# SYLVANIA ELECTRIC

FLUORESCENT LAMPS, FIXTURES, SIGN TUBING, WIRING DEVICES; LIGHT BULBS; RADIO TUBES; TELEVISION PICTURE TUBES; ELECTRONIC PRODUCTS; ELECTRONIC TEST EQUIPMENT, PHOTOLAMPS, TELEVISION SETS

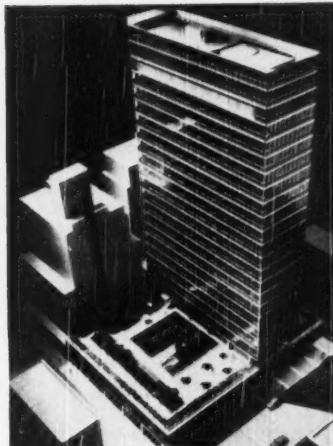
quantity of merchandise on hand. This "dating" system is far from new. The tire industry, for one, has been using it for years, shipping tires in December and January and billing for them six months later.

• **Discounts and Guarantees**—The manufacturer who finds dating doesn't work can add special discounts. If a dealer stocks up long before the season, he gets a discount that the late-buying dealer doesn't.

Both dealer and manufacturer consider this a pretty fair way to handle the stocking-up problem—although they may not agree on the size of the discount.

Price guarantees are another way to put the dealer's mind at rest about stocking up (BW—May 28 '49, p46). These assure the dealer that if there is a price cut on his inventory, he'll get a rebate in the amount of the cut. Usually, there's some sort of time limit on the guarantee.

• **Pull Out the Rug**—In the case of dealers who sell through franchises, you can always threaten to pull the franchise out from under them. If your line is attractive enough, the dealers will probably stock up just to keep on handling your products. If you don't have something special, however, chances are they will merely switch to your competitor's line.



## Dedicated to Soap

This scale model shows what Lever Bros. new headquarters in New York City will look like when finished. Its 21-story facade of glass and stainless steel will tower above Park Avenue, between 53rd and 54th Streets. The building will house the home offices of the parent company—recently moved from Cambridge, Mass.—plus those of the subsidiaries. Architects are Owens, Skidmore & Merrill.

## Canine Confection

Drackett Co. bets on dogs' sweet-teeth, adds a new product to a line that's already diversified.

Product diversification, like politics, makes strange bedfellows. In Cincinnati, it has put the Drackett Co. (Windex, Drano) into the business of manufacturing sweets for dogs.

Back in 1934, Drackett decided it was a good time for a household products company to look into soybeans. A stake in soybean extraction, the company figured, might even out the seasonal nature of its business which hit peaks during spring housecleaning. By 1947 (the soybean plant got into operation in 1941), soybean products—oil, meal, industrial proteins—accounted for 81% of the company's gross sales (BW—May 8 '48, p50).

• **Sideline**—Early in 1948, Drackett became exclusive sales agent for a canine confection called Charge. For a year, the company plowed its commissions back into market research and merchandising tests. The results looked so good that last December Drackett bought the Canine Vita Candy Co. of Northvale, N. J., which had been manufacturing Charge. Early this year, Drackett started making Charge in Cincinnati.

• **Made to Order**—Drackett feels that Charge will fit in neatly with its other lines. Charge can be handled through the same sales force which sells Windex and Drano. Main outlets are drug and food stores.

Drackett sells a sizable amount of soybean products to dogfood manufacturers who wouldn't like competition in their field from a supplier. But since Charge is a "treat" or "reward" (the company won't call it candy) and not a regular meal for a dog, Drackett feels its dogfood-manufacturer customers won't mind.

Charge comes in bite-size cubes and is sweet to the taste. Sweetening comes from dextrose. One of the chief ingredients, soybean flour, comes from the company's own extraction plant at Sharonville, Ohio.

• **Lots of Dogs**—Drackett got interested in Charge after a New York lawyer suggested that it might be a smart buy. The company executives wondered how big the dog supply business might be. One guessed there were between five and ten veterinarians in Cincinnati; they found 35 in the telephone directory. When the company found that U.S. dog-lovers were spending over \$100-million on dog food, they decided it was time to get into the business.

## Sylvania Electric's

# Commercial Trimline Fixtures

COME IN

8-FOOT  
AND  
4-FOOT  
SIZES

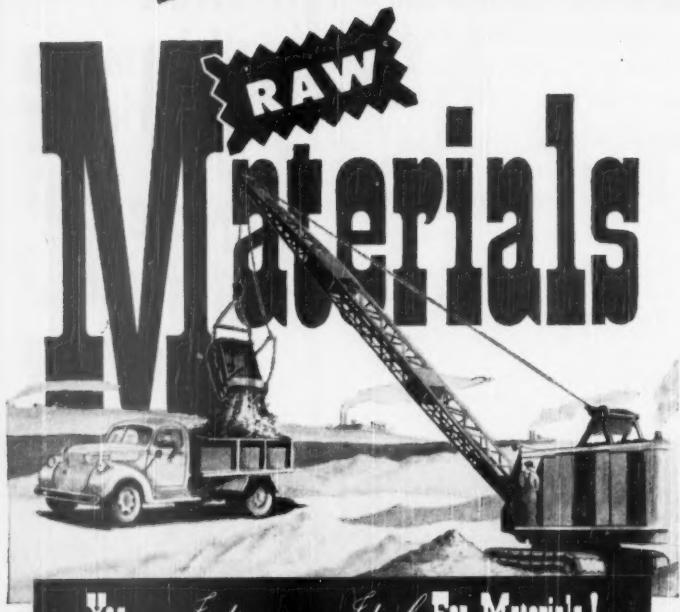


Beautiful Sylvania fixtures for office, stores, schools now give you instant light from 8-foot, 75-watt Slimline Lamps! No starters needed! Units may be surface or pendant mounted, singly or in continuous rows for long lines of high quality light. The CL-283 (8-foot) and companion 4-foot CL-243 come complete, ready to install—easiest to service, easiest to connect to standard outlet box. Ask about the full line; address below, 1740 Broadway, New York 19, N. Y.

**SYLVANIA**  
S  
**ELECTRIC**

FLUORESCENT LAMPS, FIXTURES, SIGN TUBING, WIRING DEVICES, LIGHT BULBS, RADIO TUBES, TELEVISION PICTURE TUBES, ELECTRONIC PRODUCTS, ELECTRONIC TEST EQUIPMENT, PHOTOLAMPS; TELEVISION SETS

## Ideal Indiana Offers You



Yes... Indiana is Ideal For Materials!

### No "long haul" necessary . . .

- Coal, natural gas, stone, clay, oil and an abundant water supply give industries in Indiana the basic materials they need.
- Indiana is the sixth largest coal producing state in the country, averaging nearly 30,000,000 tons per year. About 1,000,000,000 cubic feet of natural gas is available each year. Rainfall averages 43 inches a year. Oil production is constantly increasing.
- In addition, steel is produced in the state for quick shipment to any locality. Lumber and veneer mills are conveniently located. A great variety of agricultural products are grown in the state. In Ideal Indiana no "long haul" of materials is necessary.
- Indiana also offers you firm Power, good Transportation, fine Labor, fair Taxes, Livability, and excellent Markets.

Write for booklet  
"Industrial Facts About Indiana." Please give  
firm name and title when writing.

# Indiana

DEPARTMENT of COMMERCE and PUBLIC RELATIONS

Department 305B • State House • Indianapolis, Indiana

## Cheer and Joy for P&G; They're Soapless Soaps

Soapless detergents are beginning to shake down into something like the competitive—and repetitive—patterns that have long been established in the soap field. You can see that in the latest move by giant Procter & Gamble.

- **Why Cheer?**—P&G has just brought out a new packaged, granulated detergent called Cheer. Test-marketing began in Kansas City and moved into Syracuse, N. Y. P&G bills its new product as "all-purpose, heavy-duty."

This immediately raises a question: Why should P&G bring out Cheer with Tide already in the field and running strong? (P&G claims that Tide has now captured some 25% of the nation's detergent market.) There is a difference in makeup, but not very much.

- **Precedent**—You can get the point, however, by noting P&G's advertising stress. It is playing up Cheer as "heavy-duty," with the accent on its use in the laundry.

There's plenty of precedent in the soap industry for bringing out two such seemingly competitive products. P&G itself has long sold two similar soap products—Duz and Oxydol—which bear a relationship much like that of Tide and Cheer. As P&G puts it, "Some like one, some like the other."

- **New Joy**—Meanwhile, P&G is closing in on a field that is new to it and one that has so far only been scratched by other concerns.

It has just introduced a liquid, soapless detergent called Joy, intended mainly for dishwashing.

Joy will be in competition with at least one other such detergent—Glim, which is made by General Aniline & Film and marketed by B. T. Babbitt (Babo). Both liquid detergents require only a dash to handle one dishwashing. In P&G's words, "A little cupful of Joy instantly bursts into lively, long-lasting suds at the touch of water; hard or soft, hot or cold."

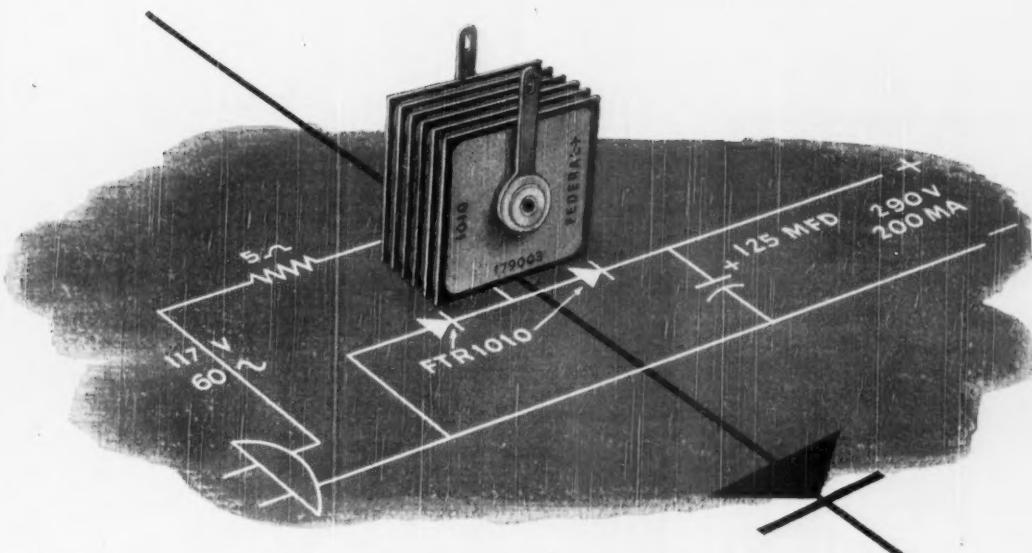
### POLL ON FAIR TRADE

It's no news to retailers that a lot of manufacturers don't like fair-trade laws. But the champions of price maintenance might be a little unhappy to find out just how many don't.

In a recent poll of its 700 members, the California Manufacturers Assn. has found that:

- Only 19% of them distributes their goods under the state's fair-trade law.
- No less than 31% thinks that fair trade actually "impedes" distribution.
- Only 40% of the fair-trade users thinks it has improved relations with consumers.

# Are you making Big Plans for this small item?



You should be—if your company is engaged in electrical design or manufacture. It's the miraculous selenium rectifier—introduced to American industry by International Telephone and Telegraph Corporation. It's a startlingly simple yet wonder-working device that changes AC current to DC...instantaneously, smoothly...and at less cost than any other method. *Federal Telephone and Radio Corporation*, an IT & T associate, offers it in many sizes (including the miniature above) for use wherever DC current is required from an AC source. It contains no moving parts...it mounts anywhere, in any position...its applications are virtually limitless. Include it in your plans...for finer electrical performance at lower cost!



INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION  
67 Broad Street, New York, N.Y.

# FREE SURVEY OFFER!



**Here's a challenge:** Dealers are in the key position between you and your farm customers. Ask them this one question, "In What Farm Publication Will Our Advertising Make the Most Sales for You?"

You ask the question, weigh the answers, draw your own conclusions. We'll repay you your out-of-pocket costs.

This offer is open to any company selling to farmers in any of the eight Midwest states. Write our nearest office.

## MIDWEST Farm Paper Unit

WISCONSIN AGRICULTURIST & FARMER  
THE FARMER  
WALLACE'S FARMER & IOWA HOMESTEAD  
PRAIRIE FARMER • NEBRASKA FARMER

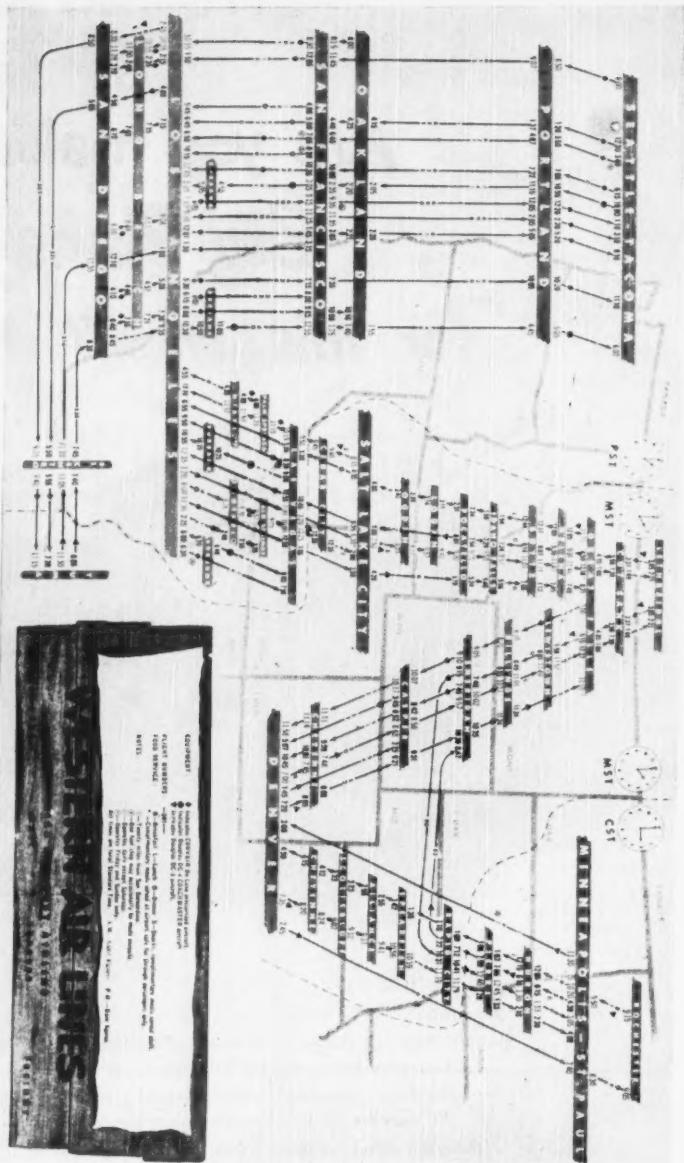
OFFICES AT: 250 PARK AVENUE, NEW YORK... 59 EAST MADISON STREET  
CHICAGO... 542 NEW CENTER BUILDING, DETROIT... BUSS BUILDING  
SAN FRANCISCO... 1324 WILSHIRE BOULEVARD, LOS ANGELES



**Check Your Tooling Cost  
with Spincraft**  
SKILL WILL DO IT  
**Sweeping  
economies can come your way**  
Recent Spincraft developments in metal-working may provide drastic cuts in your costs of production. High priced dies may be eliminated, expensive tooling scaled down to practical levels, ideas salvaged that may seem prohibitive. Let these examples of advanced spinning techniques inspire your inquiry as to what Spincraft engineering can do for you on any shape that's round or only partly rounded, regardless of size or metal. Write for the new Spincraft data book.

**Spincraft Inc.**  
SKILL WILL DO IT

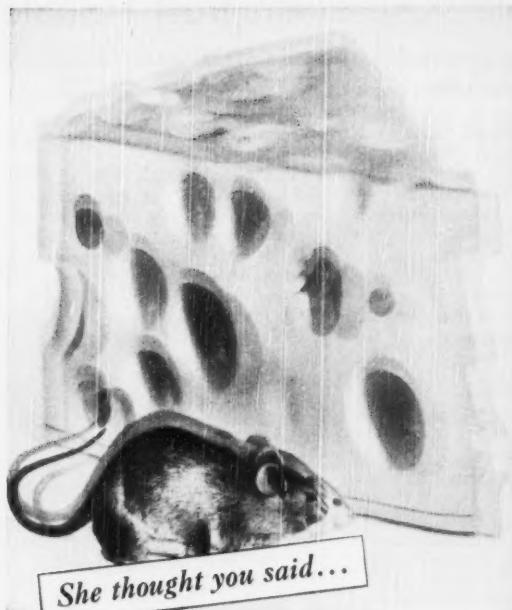
4131 W. STATE ST., MILWAUKEE 8, WIS.  
Heretofore known as  
Milwaukee Metal Spinning Co.



## New Timetable: Is It an Improvement?

To find out when and how you'll get there on Western Air Lines, turn this page around sideways and look at the line's new timetable. Western says proudly that it's "the first timetable in the history of transportation that can be easily read and immediately understood." In flow-chart form on a single sheet of paper, it shows all the flights throughout the system. Colored arrows indicate which way the plane is flying,

symbols show what kind of plane makes the flight, whether meals are served, arrival and departure times are displayed alongside each city line. If you're going from Minneapolis to Denver, say, you find a nonstop plane that leaves at 11:30 a.m., gets you there by 3 p.m. The symbol shows the craft is a DC3. Western insists that its new timetable is clearer than usual booklet types, says passengers like it fine.



*She thought you said...*



*You actually said...*

*But you can't mistake "CHEESE" for "CHIEFS" on Disc Edison Voicewriter*

## More Time Gained-More Work Done

**WHEN EAR-TUNED JEWEL-ACTION GIVES YOUR WORDS "LETTER PERFECT" TRANSMISSION**

How much do mistakes in written communications cost you in time, in money?

No such errors with Disc Edison Voicewriter—the instrument that adds the understandability of direct dictation to the convenience of machine dictation.

Your words arrive at their destination without error, without delay, because every sound is clearly defined.

### YOU SAVE BUSINESS TIME

Disc Edison Voicewriter is engineered for complete understandability—more by far than any other instrument.

Exclusive Ear-Tuned Jewel-Action faithfully preserves "high-frequency" sounds. Each *s*, *th*, *z*, *f* is clearly distinguished. No mistaking "three" for "free," "shell" for "sell." Your secretary gets your

dictation "letter perfect"—saves time for you, saves time to *help* you.

*No other instrument matches Edison understandability—only Edison has Ear-Tuned Jewel-Action.*

Write us for the helpful free booklet, "Don't Work So Hard." Address Thomas A. Edison, Incorporated, 46 Lakeside Ave., West Orange, N. J.



Executives save as much as a month a year when they replace old-fashioned handling of communications with the modern Disc Edison Voicewriter. Secretaries are freed for "junior executive" duties.



Compact Disc Edison Voicewriter is expressly built for office dictation and is portable, too—but with no sacrifice of understandability.



For free demonstration, phone "EDIPHONE" in your city or write Thomas A. Edison, Incorporated, West Orange, New Jersey. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.

*Thomas A. Edison*



## If it's a whale of a job Patapar can do it

Patapar Vegetable Parchment likes tough jobs. That's because of unique qualities. Patapar has high wet-strength. Soak it in water for months. It will come out strong and glistening. Boil it. Patapar can take it. And where there is grease, fats or oils Patapar resists penetration.

Patapar is produced in 179 different types to meet varying requirements of wet-strength, grease-proofness, moisture vapor resistance, opaqueness, thickness and other qualities. It is furnished plain or beautifully printed in fast color inks.

### The best paper for hundreds of jobs

Patapar is wonderful as a protective wrapper for foods like butter, bacon, fish, cheese, margarine, ice cream, poultry. It makes beautiful greeting cards and lamp shades. It is used for pie dollies, ham boiler liners, artists' sketching pads, rubber mold liners and hundreds of other purposes.

**Business men:** Have you a job for Patapar? Write on your business letterhead outlining your requirements. Then we can recommend the type of Patapar best suited for your use.



Patapar Keypoint,  
nationally advertised  
symbol of  
wrapper protection

# Patapar

HI-WET-STRENGTH  
GREASE-RESISTING PARCHMENT

**Paterson Parchment Paper Company**

Bristol, Pennsylvania

West Coast Plant: 340 Bryant St., San Francisco 7  
Sales Offices: New York, Chicago  
Headquarters for Vegetable Parchment since 1885

## How to Stay Out of Antitrust Trouble

Justice Dept. will tell you if your new business move is safe from criminal prosecution, but it can bring civil suit later.

The Justice Dept.'s Antitrust Division is finding a bigger and bigger place in its operations for a technique that was one of its standbys in the 1920's.

In the days before the New Deal, antitrust enforcement was largely a matter of negotiation with industry. Advisory opinions were used on a large scale to tell businessmen in advance what the division would consider legal. Today, that same approach is being followed again—and increasingly.

• **You Can Get In On It**—The Antitrust Division doesn't advertise it, but you can today get an advance opinion from the Justice Dept. on how it would be likely to view any business move you think may get you in wrong with the department.

• **"Railroad Release"**—Some 30 or 35 such proposals are being submitted this month—and every month—to the antitrust lawyers. About one-fourth of them get an O. K.—a "railroad release"—from antitrust chief Herbert Bergson. The other 75% get no commitment one way or the other—which means that you may or may not be asking for trouble if you go ahead.

• **Immunity**—If you get one of those railroad releases, you're absolutely safe from criminal prosecution as long as you do what you told the department you were going to, and don't go beyond that.

The antitrust lawyers can still change their minds—or your scheme may work out far differently from the way it looked on paper. In that case, the department may file a civil suit against you to get you to stop. But it won't sue for criminal violation of the law, and it won't seek fines.

• **Background**—The name "railroad release" goes back to the late '30s. When Thurman Arnold took over the Antitrust Division, one of the big industries he wanted to tackle was the railroads. He figured he had a complaint arising out of rail-truck competition.

But he decided he couldn't go ahead with criminal prosecution, because the railroads had made complete disclosure of the practice involved to the government several years before. So he merely filed a civil suit. That stopped the railroads' practice.

Old-timers at Justice say that more railroad releases are being handed out today than for many years. And Bergson himself says: "I have consistently regarded our railroad-release program as a valuable adjunct to antitrust enforcement. Consequently, ever since I became head of the Antitrust Division, I

have encouraged the submission of proposed business plans."

• **Effects**—Here are a couple of factors that may account, at least partly, for Bergson's enthusiasm for the railroad-release idea:

(1) It's one way of answering attacks on the division for being hard to deal with and anti-business.

(2) It's a favorable response to Secretary of Commerce Sawyer, who heads a committee that's trying to get some antitrust support for an Administration program to improve business-government relations.

• **Cagey**—Antitrust lawyers are cagier about disclosing details of the plans they've approved, because they say—they don't want to reveal the identity of the company or industry involved. Besides, they fear that if it gets around that they've given one company an O. K. for a certain plan, a competitor may try a slightly different scheme—and wind up in court. Here are a couple of examples, though, of plans submitted recently that were not approved:

• A manufacturer of a machine also



## Entree Includes Art

Art comes with your meal in the new "San Francisco Art Center" cafeteria. These huge mosaics (1.5-million pieces) were assembled by sculptor Bennie Bufano (center), who spent six months on the project in Rome. Next to him is David Moar (right), president of the Foster Lunch System, who presented Bufano with a gold lifetime meal ticket at the cafeteria. All told, the three panels cost Foster about \$35,000.

## "THIS IS WHAT AMERICAN MANUFACTURERS ARE LOOKING FOR"



If Decentralization Is In Your Picture, Let Norfolk and Western Plant Location Specialists Tell You About The *Land of Plenty* \*

In manufacturing, smoothest operation and maximum profits are tough assignments, in crowded, "madhouse" industrial areas . . . in competing tooth and nail for capable, faithful workers . . . in working to expand where there is no room to expand!

Alert manufacturers are investigating *The Land of Plenty*. Many have already moved in. With a half-century of experience, Norfolk and Western plant location specialists are qualified to assemble

the specific, dependable data you need concerning a satisfactory plant site for your business. Their service is confidential and free. Write or call them. Let them show you exactly what *The Land of Plenty* offers in the way of —

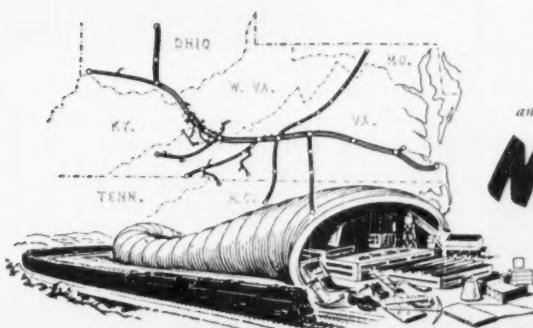
- Varied raw materials . . . skilled and unskilled home-rooted man power . . . dependable N. & W. Precision Transportation . . .
- The world's finest all-purpose Bituminous Coal . . . adequate power and industrial water . . . nearness to domestic markets and world markets through the great Port of Norfolk . . .
- Clean, progressive communities . . . cooperative state and local governments . . . healthful climate . . .
- **AND ROOM TO GROW!**

Write to the Industrial and Agricultural Department, Norfolk and Western Railway, Drawer B-305, Roanoke, Virginia.

# Norfolk and Western RAILWAY

\* *The Land of Plenty* — the six great states served by the Norfolk and Western — Virginia, West Virginia, North Carolina, Ohio, Maryland and Kentucky.

LAND OF PLENTY





- **Corrosion resistant**
- **Shiny smooth finish**
- **Extra strength**
- **Uniform temper**

KEystone's GALVANIZED MB WIRE offers improved corrosion resistance . . . gives added life and strength to mechanical springs subject to rust and corrosive conditions.

This is due to Keystone's unique method of galvanizing the wire *before* it is cold-drawn. The drawing process smooths and hardens the galvanized finish, increasing its lasting qualities remarkably. Other advantages are its lustre-bright, shiny smooth finish . . . even, uniform temper . . . and high tensile strength.

Keystone is prepared to help solve any of your industrial wire problems. If special treatment is called for, Keystone's metallurgical research and testing facilities are available to supply the answers. We welcome your inquiry.



makes a device needed for the machine's operation. He wanted to enlarge his market. So he proposed to supply a machine without charge to each customer who would, for a given period, (1) buy a specified number of the devices used with the machine, and (2) buy only the devices produced by him.

The antitrusters' verdict: no soap. Reason: It's a tie-in, exclusive-dealing contract—and the courts have backed the antitrusters to the hilt in crackdowns on those.

• A group of raw-material producers proposed to enter into an agreement with a group of customers. They wanted to set up a special trade association to try to cope with the order-inventory problem that had plagued the industry, and to smooth out the flow of raw material to the customers' plants.

This proposal got nowhere, either. Reason: When the details were spelled out, it looked too much like an out-and-out price-stabilization scheme.

• **Pointers**—If you figure on accepting Bergson's invitation to talk it over, here are four things to keep in mind:

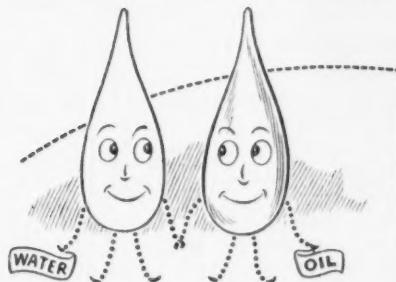
- (1) You must reduce your proposal to writing;
- (2) It must not yet be in operation;
- (3) You must spell out the complete details; and
- (4) There can't be any "open end" sentences, such as ". . . and such other activities as the directors may prescribe."



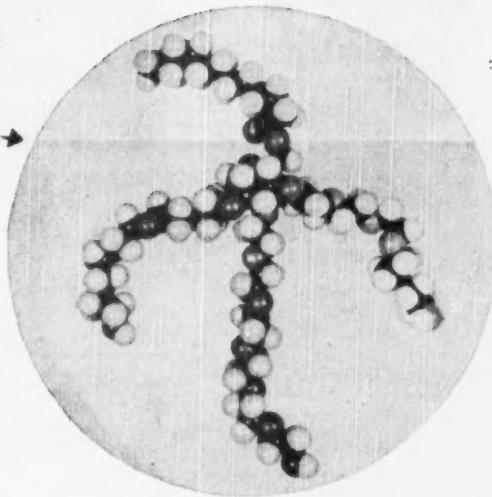
### Weather Eye Map

New Englanders who like to know what they are getting into should appreciate this new service of the Boston & Maine Railroad. Colored illuminated discs on this newly installed map in Boston's North Station tell travelers just what is happening weather-wise all over central and northern New England. The discs can indicate rain and other weather conditions. An illuminated number alongside the disc tells the temperature in each section.

## Just a Case of the Right Parson



Yes, indeed,  
oil and water will mix  
when you get the right  
parson to marry them.



## —and the Parson's Name is EMULSIFIER

OF COURSE, an oil-and-water wedding is not as simple as a church affair. The marrying emulsifier has a dual personality and that is all-important if the marriage is to last. This personality is defined by the chemist (see the molecular model above) as hydrophilic—*water-loving*—and lipophilic—*oil-loving*. Translated into layman's language, emulsifiers can wed water with oils, fats and waxes to make countless products in daily use.

But it takes the right emulsifier to make the product right. Scores of Atlas emulsifiers—most of them made from farm products—are used to produce better cosmetics, pharmaceuticals, cleaners, paints, insecticides, polishes, to name a few.

Special Atlas emulsifiers help make better bread, baked goods, and other food products.

Moreover, Atlas assists technicians to make quick work of choosing the right emulsifier through the new HLB System, first of its kind. Based on the hydrophilic-lipophile balance of each emulsifier, Atlas evolved HLB to save much tedious experimentation.

This is just another sample of the outcome of Atlas research. *Service from Every Angle* is our aim for every user of Atlas products—chemicals, explosives, finishes, activated carbons, roll covers. Our technical staff is always ready to help.



# ATLAS

POWDER COMPANY  
WILMINGTON 99, DELAWARE  
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Laundry Covers • Acids  
Activated Carbons • Hexahydric Alcohols • Surface Active Agents

HARTER MODEL 65  
EXECUTIVE POSTURE CHAIR



It's a pleasure to work in this chair! Harter Model 65 is fully adjustable to your own comfort. Simple hand-wheel controls do the trick. Both seat and back rest are designed to keep you firmly supported in erect and healthful posture. No more backache and fatigue caused by a chair that doesn't fit!

Deep cushions of foam rubber on seat, back, and arms afford soft and resilient support. Luxurious mohair fabric upholstery provides



the finishing touch to the graceful beauty of this fine steel chair. You have a wide choice of rich deep-tone and soft pastel colors in this long-wearing mohair upholstery.

Treat yourself to the real comfort of a Harter executive posture chair, custom-fitted to your measure! Try the 65 at your Harter dealer's. We'll send along his name and address when you write for the posture seating booklet described below. It is yours for the asking!



Send for Free Booklet  
"Posture Seating Makes Sense" tells  
all about Harter posture chairs.  
Write us for it! Harter Corporation,  
205 Prairie Ave., Sturgis, Michigan.

**HARTER**  
STURGIS, MICHIGAN  
POSTURE CHAIRS • STEEL CHAIRS

*there's no news  
like a good bulletin—especially if it's printed on  
Eastern's **Atlantic Bond**  
[AVAILABLE IN WHITE, CREAM AND TWELVE COLORS]  
a crisp, clear, genuinely watermarked paper*

EASTERN CORPORATION  
BANGOR, MAINE

## MARKETING BRIEFS

Du Pont's new Orlon acrylic fiber (BW—Sep. 17 '49, p46) will show up in volume for the first time late this year. Burlington Mills will weave it into fabrics for home decoration and clothing.

**Purchase of Scott Radio** by John Meek Industries will leave Scott pretty much unchanged. Meek will operate Scott as a separate company, continue to produce high-quality TV receivers and radio-phonograph combinations under the Scott name.

**The only radio network** whose business improved in the first quarter against last year was CBS. Its gross billings from radio went up from \$17.8-million to \$17.8-million.

**The peach crop** in northern Georgia has been ruined by a cold wave. Experts figure the loss at about \$6-million.

**Increased sales and profits** are reported by (1) Grand Union, which hit a new high of \$135-million in sales for the fiscal year ending Feb. 25, and (2) Spiegel, Inc., whose first-quarter sales were up 15% over last year (Spiegel, in the red for the first half of 1949, thinks it will show a profit for the first half of this year).

**Sylvania** dealers are the latest to be protected against loss on inventory if the company cuts prices.

**The trade-in market** for TV sets will become a sizable factor this year. RCA figures that as many as 250,000 present owners of TV sets may turn them in for new ones in 1950.

**Higher carpet prices**, instead of hurting sales, seem to have helped. Both Bigelow-Sanford and James Lees report the biggest first quarters in their histories. Bigelow's sales were \$22.4 million, up 15% over last year; Lees' were 15.9 million, up 26%.

**The furniture business** looks good any way you view it. The National Wholesale Furniture Assn. now reports that sales at wholesale during the first quarter were up 15% over the same period last year.

**Carpet Fashion Opening**—the nationwide promotion run off by the Carpet Institute for the first time last year—took in 5,000 stores this year. All told, manufacturers and merchants concentrated an estimated \$4.7-million in advertising and promotion during the last week in April.

## DOING IT THE HARD WAY



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## FINANCE



Floyd B. Odlum



Huntington Hartford

## Hollywood's Angels Stage

After a postwar lapse, investors are signing up again to back independent productions. But there are plenty of headaches.

The angels are coming back to the movie business.

Ever since Hollywood began shooting flickers, the independent production has been a favorite flyer for millionaires. It ranked alongside Texas oil wells and Blue Grass fillies as a plunger's choice. But came the postwar box-office slump and the postwar cost spiral, and plungers found the cider had been siphoned out of the barrel. They stayed away from Hollywood in droves.

• **Turnaround**—This week, the backers were trekking back to the movies. Avery Rockefeller's international investment firm of Schroder-Rockefeller had signed on in a syndicate to finance films in England. This same group also had oilman Jack Wrather on its roster. Huntington Hartford (A&P family), who had dropped out of films, was in again with plans to finance another feature.

There were others:

Floyd Odlum, whose Atlas Corp. used to control RKO Corp., had an interest in N. Peter Rathvon's Motion Picture Capital Corp., which will finance 10 films this year. Railman Robert R. Young has stock in Lansing Corp., which indirectly loans money to independents that distribute films through Eagle Lion Films, Inc.

One reason for the revival may be the killing made by John Stillman, a Florida dry goods merchant. Stillman backed two of last year's solid hits,

Home of the Brave and Champion. He has anted up now to carry his son through a series of pictures.

• **How They Compare**—Independent films, of course, are big business. About 20% of the 225 films released by the major film companies last year were made by independents, most of them long-time movie makers. The biggest earner on record, *Gone With the Wind*, was an independent creation. Produced by David Selznick, it grossed about \$45-million after being reissued half a dozen times.

As you might expect, the independents have a decided cost advantage over the major studios. For one thing, they don't have so much overhead. A major movie company has a tremendous investment in plant and a huge payroll that can't be traced to any one picture. This overhead has to be divided for bookkeeping purposes among the films the studio makes. It may run anywhere from 30% to 40% of the cost of a film.

Besides lower overhead, the independent's production costs are apt to be less than the major studios'. It uses fewer stars, cheaper scripts, and less elaborate sets.

Estimated costs of a major film from one of the big studios today run around \$1.8-million. The average independent film comes to about \$800,000. There are exceptions, of course. *Joan of Arc*



Robert R. Young

## a Revival

cost \$4-million, and lost its backers a fortune. But Stanley Kramer made *Home of the Brave* and *Champion* for a total of \$938,000. The two films have already grossed \$44-million.

• **Negative and Otherwise**—The actual cost of putting a film together is called the "negative cost." On top of it, an independent producer has to figure another 40% or 50% for costs of distribution. These include: (1) the distributor's fee; (2) advertising; (3) making prints; (4) freight, insurance, and other costs. The average independent film has to gross about \$1.1-million to \$1.2-million before it breaks even.

A lot of people have lost their shirts backing independent films. Others have made a fistful. But win or lose, they all went about it in roughly the same way.

• **Baedeker**—You start by lining up a promising story and an experienced producer. The story, called *Love's Prisoners*, costs you \$35,000 (if you haven't all the money you need, you can borrow some of it). The producer's salary is \$45,000. He'll bring in a director.

The next thing you have to do is tie up a couple of stars. More and more of them will take work with the independents, but they come high. Top stars such as Ann Sheridan or Cary Grant would cost you from \$150,000 to \$200,000. Lesser lights get about \$50,000 to \$75,000 a picture. Sometimes you can talk the high-priced help into taking part of their pay in the form of a share in profits. Anyway, you get a couple of stars for \$65,000 each. Now,

## A GOOD SIGN



Sketch of the 325 William Penn Place Building, Pittsburgh, new home of Mellon National Bank and Trust Company and the United States Steel Corporation Subsidaries. W. A. Harrison, M. Abramovitz & W. Y. Cacken, Associated Architects.

When business builds on a broad scale—as now—it's a good sign. It indicates confidence.

The familiar blue-and-white Turner sign—which you'll find on more and more important building sites—indicates confidence, too. A confidence born of almost a half century of service to satisfied owners.

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you work out a production budget. The one in the box below is typical.

Budget for Love's Prisoners

Story	\$35,000
Continuity & treatments	9,350
Producer's salary	45,000
Director's salary	31,750
Two stars' salaries	130,000
Cast salaries	55,000
Production organization	116,390
Production expenses	113,545
Studio	188,207
Film & laboratory	32,500
General overhead	45,600
Total	\$802,342

• **Distributor**—Your next step is to get a distributor to agree to market your film to theaters. The distributor you get—and the terms of the deal—are very important. For the bigger the distributor, the more chance you have of making a profit. His prominence plays a big part in determining rentals from exhibitors, over and above the merits of Love's Prisoners.

You may get United Artists to distribute your film. It makes no movies, but distributes independent films exclusively. Occasionally, RKO, Columbia, Universal, and 20th Century-Fox will take on an outside film. Smaller distributors will snap them up.

• **Charges**—The normal fee for domestic distribution runs from about 27% to 32% of gross revenue, depending on how much weight the distributor swings. For overseas, the cut is between 35% to 40%.

A smarter arrangement from your point of view would be to put the fee on a sliding scale. The distributor might get 25% of the first \$1-million of gross revenue, for instance, and 50% of the second \$1-million. That gives you a better chance to make money, and gives your distributor more incentive to push Love's Prisoners.

• **Loans**—Unless you are really well-heeled, you will have to get a bank to lend you part of the money to make Love's Prisoners. This is called "first money" because it has to be paid off first after the distributor gets his cut.

San Francisco's Bank of America, and the Chemical Bank & Trust Co. and Bankers Trust Co., of New York, specialize in first loans. Walter E. Heller & Co. (not the management consultant), a Chicago commercial factor, also lends first money.

Before it makes a loan, the bank will check over your budget and your contract with the distributor. It may turn you down if it thinks the distributor isn't big enough or the terms are not satisfactory. Although bankers don't pretend to be movie critics, the bank will look over your story and check the box-office appeal of your stars.

• **Security**—The bank will also require that you put up enough cash or post a bond to make sure the film will be

finished even if you run over your budget. Sometimes the studio where your picture is made will put up the bond in return for a share in profits.

If your deal looks O.K., the bank will lend you from 50% to 60% of the negative cost of Love's Prisoners. It takes a first mortgage on the film, and charges you 6% interest.

Besides first money, you may need "second money." This usually runs from 20% to 30% of negative cost. It is paid off after the first money. The interest rate is usually 6%, plus a share (perhaps 20% or more) in profits.

"End money" is the equity capital you are willing to put into Love's Prisoners, plus the shares taken by others in lieu of salary. End money may run around 20% or 30%. That means the promoter of a film—either an outside businessman or a professional independent producer—risks about \$200,000 on a film that cost \$800,000 to make.

• **Production**—You probably won't have any trouble finding a studio where you can make Love's Prisoners. The studio fee will run between about 17% and 22% of negative cost.

Assuming you were able to stay within your budget in shooting the picture, you will have to add 40% or 50% for distribution costs to find the break-even point on Love's Prisoners.

• **What Are Chances?**—So if Love's Prisoners cost \$800,000 to make, it would have to gross about \$1,150,000 at the box office before you could start making money. What are your chances? Figures are hard to get, but one estimate is that only one out of every three independent films succeeds in breaking even in the U.S. and Canada.

To make money, you have to go abroad. Last year, foreign films brought in about one-third of the industry's box-office take—around \$210-million (BW-Apr. 29 '50, p113). The catch is that only about \$90-million of this has so far been brought back to the U.S., because of currency restrictions. More will eventually get back through "border deals."

Eventually, you might expect to make about \$400,000 abroad with Love's Prisoners, some of it staying abroad indefinitely as blocked currency.

• **End of the Line**—After everybody else is paid off, you may end up with a very nice capital gain on your \$200,000. Then again, you may lose the whole investment.

If the bank doesn't get its first money back, it will foreclose on Love's Prisoners. The second money lender has a second mortgage on your film. Even if the picture failed to pay expenses, it still has some value to the mortgage holders. A reissue of the film may make money. And there are the potentially valuable television rights.



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**Ten Years of Growth at Allied Chemical & Dye**

	All figures in Millions				Book Value per share of Common Stock	Dividends per Share
	Sales	Net Income	Working Capital	Net Worth		
1939.....	\$156.5	\$21.0	\$95.6	\$169.0	\$91.66	\$9.00
1940.....	178.1	20.9	97.1	172.2	93.06	8.00
1941.....	231.2	21.4	89.3	175.9	96.06	8.00
1942.....	245.7	20.5	103.5	180.9	100.03	7.00
1943.....	286.7	19.0	122.5	186.6	104.34	6.00
1944.....	275.0	18.0	140.2	191.3	107.35	6.00
1945.....	267.6	18.9	161.5	196.9	107.56	6.00
1946.....	280.5	26.7	150.0	205.9	112.36	8.00
1947.....	365.9	30.3	138.3	216.3	121.48	9.00
1948.....	387.7	31.8	117.6	228.2	124.02	9.00
1949.....	363.7	37.2	119.0	243.2	131.39	10.00

\* After special reserves totaling more than \$40-million charged against earnings in 1941-44 and 1946-49 periods.

**Blue Chips to Fall into New Hands**

Allied Chemical will vote on four-to-one stock splitup soon, putting one of the last of \$200-plus stocks into new investors' reach.

One of the last of the blue chips will soon be within the reach of the man with the middling purse. Directors of Allied Chemical & Dye Corp., whose common stock is selling around \$235, are going to ask stockholders to approve a four-for-one stock split. Stockholders will have their say on the proposal at a special meeting sometime after July 1.

Allied is the last of the stocks in the Dow-Jones industrial average that sells at over \$200. The only other "high priced" stocks that make up that average are American Can Co. common, now selling around \$115, and American Telephone & Telegraph Co. common, now around \$157.

• **New Policy**—Allied didn't say why it wanted the split. But it's clear that the effect will be to broaden the distribution of the stock among investors. That's in line with the company's new policy. F. J. Emmerich, who took over as president in 1946, is liberalizing Allied's traditionally conservative way of doing things.

The split would probably have made Orlando F. Weber, the company's first president, turn over in his grave. Weber, who headed Allied from 1920 to 1935, believed that the less the public meddled with his company the better. He had been president of General Chemical Co., one of five large chemical companies which merged to form Allied in 1920.

• **Other Times**—Weber was a corporation executive of the old school. He concentrated company production on the basic chemicals: the acids, alkalis, coal tar products, and ammonia. For this reason Allied sold mainly to other manufacturing companies rather than to consumers. Weber didn't believe in developing consumer products be-

cause he didn't want to compete with his customers. The result was that Allied didn't go in very much for research.

Weber believed first and foremost in building up a company that was financially solid. Allied never went into debt. It even retired its preferred stock in 1936. It's now one of the few major U. S. corporations with no senior money ahead of the common stock.

Because it stuck so close to its last, Allied missed out on much of the tremendous growth of the chemical companies from 1929 to 1949 (BW-Mar. 18'50, p117). Although its earnings last year were up 77% from what they were in 1939 (table, above), they were up only 38% from 1929. That's considerably less than the other chemical companies show. The reason is simple: Profit margins on basic chemicals are lower than in the newer chemical fields.

• **Investment Trust**—While other companies expanded their plants and developed new products, Allied put a lot of its earnings into corporate securities and government bonds. At the end of 1929, its balance sheet showed about \$113-million in cash and marketable securities, out of total assets of \$388-million. This proportion has gradually been reduced through the years, but it is still very high. At the end of last year, the balance sheet showed cash and marketable securities (carried at cost or less) of about \$117-million. Total assets were approximately \$621-million.

For this reason, Wall Street has for years considered Allied almost as much an investment trust as a chemical manufacturer. The stock, which reached a high of \$354.75 in 1929, dropped as low as \$42.50 in 1932. But it needn't have. Allied's large cash and investment posi-

tion safeguarded the company dividend. The company made its \$6 annual dividend stick from 1927 through 1936; it has gone higher—but never lower—since that time. Last year, the stock paid \$10. As yet, Allied never has missed a dividend.

• **New Fields**—Since Emmerich took control, research has been a much bigger thing at Allied. The company is going into consumer products—with detergents, insecticides, and weed killers. Other new products include chemicals for the plastics industry, new dyestuffs, and new compounds for use in fertilizers. Although sales fell off a little in 1949 from the year before, profits jumped from \$32-million to \$37-million.

• **Less Weight**—If the Allied split goes through, the stock won't be nearly the heavy factor it has been in shaping the Dow-Jones industrial average. The day after the plan was announced, Allied went up \$13. That would have boosted the industrial average 1.52 if the other 29 stocks in the average had stayed where they were.

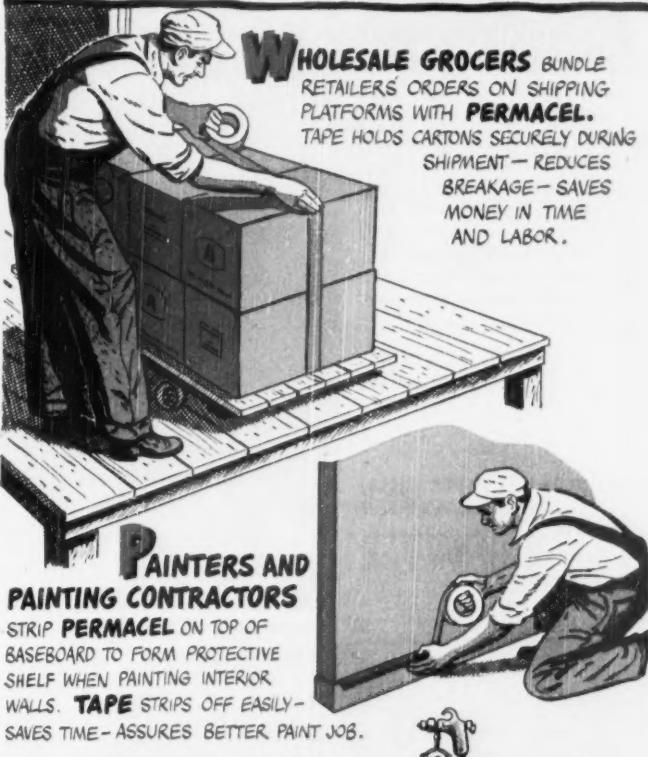
For the D-J figure is basically an average of the closing prices of all 30 stocks, corrected by an arbitrary adjustment to preserve the continuity of the average in the face of stock splitups and stock dividends. So up to now, Allied has had a lot more influence on the D-J average than the lower-priced stocks of much larger companies.



## Industrial General

General Lucius D. Clay, who commanded the U. S. forces in Europe, will be the new chairman and chief executive officer of Continental Can Co., Inc. He succeeds Carle C. Conway, who has resigned as chairman of the board of directors after serving since 1930.

## HOW TAPE HELPS INDUSTRY SAVE TIME, CUT COSTS...

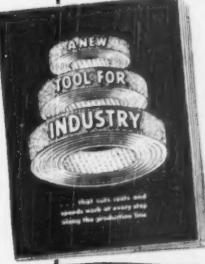


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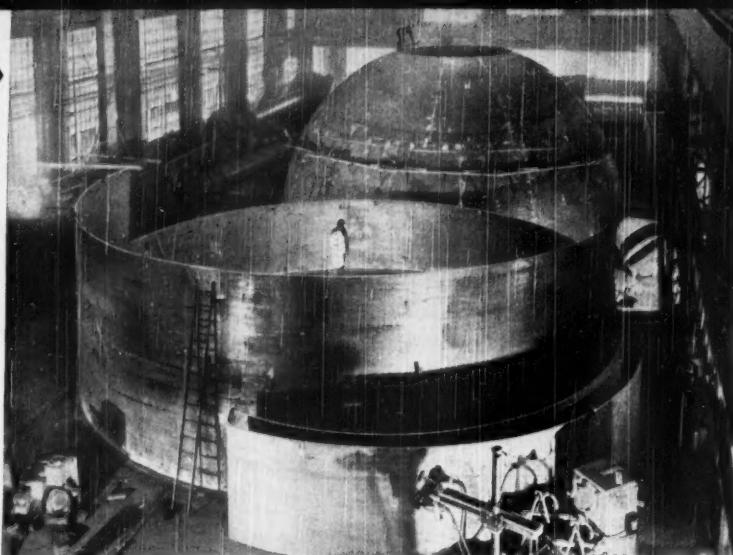
# NEWS



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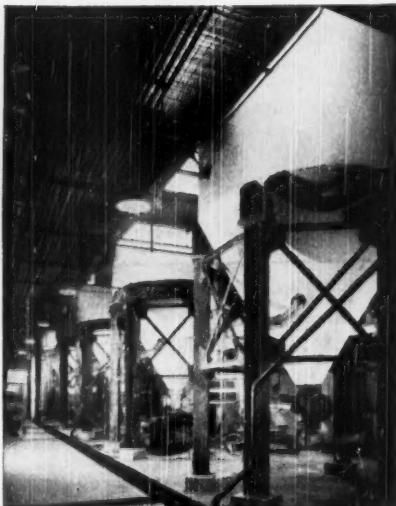
**GIANT FOR THE PAM-PAS.** A. O. Smith Regenerator, approximately 45 ft. in diameter and weighing 790,000 lb., will be shipped to Argentina knocked down, then assembled in the field.



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## FINANCE BRIEFS

Stock trading in April on the N. Y. Stock Exchange was the largest since January, 1946. About 48-million shares changed hands, compared with about 40-million in March.

Life insurance companies invested \$498-million in corporate securities during the first two months of 1950, says the Institute of Life Insurance.

**Delaware & Hudson R.R.** plans to rent 500 new boxcars from Equitable Life Assurance Society (BW—Apr. 8 '50, p92). Pullman-Standard Car Mfg. Co. will build them.

**July 1** has just been set as the call date for half of Westinghouse Electric Corp.'s \$80-million issue of 2.65% debentures, due in 1973. This redemption will bring the company's total funded debt down to \$70-million.

**Massachusetts Investors Trust** had about 10.4-million shares outstanding at the end of March. That's an increase of more than 1.5-million in a year.

**Municipal bonds** have been moving off the dealers' shelves. The float last week totaled \$162-million, down about \$21-million in two weeks. But it's still high.

**Pan American World Airways** reports earnings of about \$2.5-million in 1949, a considerable drop from the \$4.6-million of the year before.

**Employee benefit trusts**—including pension funds, profit-sharing plans, retirement plans—hold about \$4-million worth of investment fund shares, according to a survey by Kidder, Peabody & Co.

**Fire losses** in March totaled \$72.5-million, the highest monthly loss since March, 1948.

**Pennsylvania** may get a state income tax to pay interest on, and to provide for eventual retirement of, its \$375-million veterans' bonus bonds. That might cut income of Philadelphia and other cities. Under present law, no city can tax income taxed by the state.

**P. Lorillard & Co.** may use new financing to retire \$6.2-million worth of 5% bonds that fall due Aug. 1, 1951, and to raise additional working capital.

**Colt's Mfg. Co.** will retire up to 127,000 shares of its stock at \$52 a share. That will leave only about 69,000 shares outstanding.

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The collage includes a large black and white photograph of the Bismarck Hotel, a smaller image of a letterhead with the hotel's name, and a circular stamp featuring the hotel's logo.

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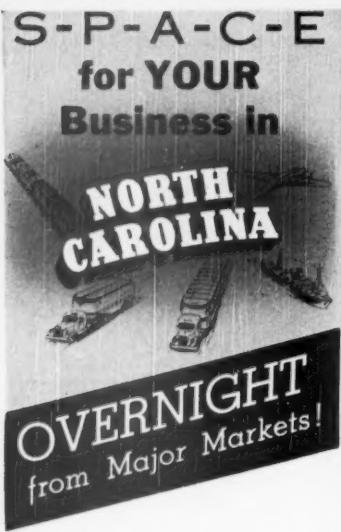
It is no accident that the Bismarck's letterhead is on Strathmore...it is only another example of the careful planning for perfection of detail that has made the Bismarck what it is.

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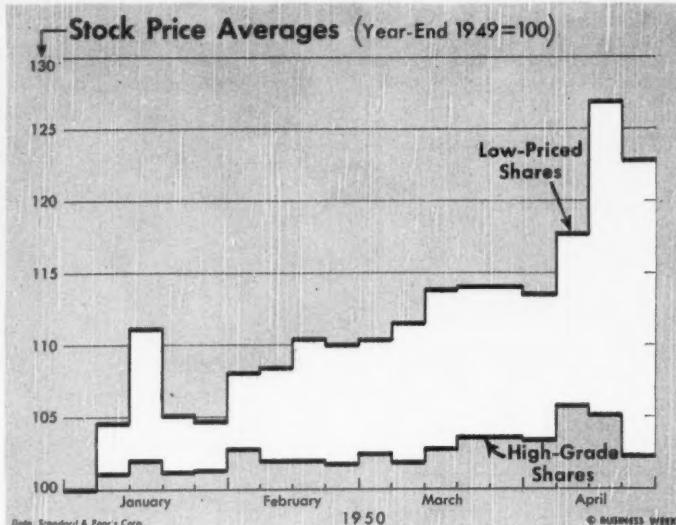
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To get the facts from the State that offers you "Relative Isolation With Maximum Accessibility to Major Markets" address: Dept. B-7, Division of Commerce and Industry, Dept. of Conservation and Development, Raleigh.



## THE MARKETS



### Speculators Come Back In

Increasing preference for cheap stocks shows that the speculative bug is biting again. But solid investors still dominate.

This bull market in stocks is still a conservative investor's party. There's not much of the razzle-dazzle that marked the big booms of the past.

But more and more, speculators are getting their courage up and moving in. You can see it in the way the low-priced cats and dogs are getting more attention.

Since the first of the year, Standard & Poor's index of low-priced shares has pulled far out ahead of the high-grade stock index (chart). The low-priced stock index is up about 23% from the January level; the high-grade index has risen only 2%.

• **Volume Rising**—The figures on volume of transactions tell the same story: The public is coming in—coming in rather timidly but coming just the same. So far this year, volume has been running well ahead of any year since 1937. During the first four months of 1950, about 165-million shares were traded on the Big Board. That compares with 143-million in the same period in 1946, when the last bull market was at its top. Much of this additional volume represented activity along the penny arcade.

• **Not Like 1946**—But nobody around the Street expects the low-priced shares to get anything like the play in this market that they got in 1946—at least

not for some time. The boom in penny stocks in the 1946 market was quite something. Some low-priced stocks were up as high as 3,000% above their 1941-42 lows. There's been nothing like that in the present market, not even in the television group, which has been making the biggest splash lately (BW—Apr. 29 '50, p90).

The issues that lured the speculators in 1946 were largely stocks of marginal companies. These companies rung up tremendous profits during the war years, when there was plenty of business and no competition. Traders were ready to believe almost anything about their postwar growth prospects. The unhappy awakening was one reason for the collapse of the 1946 bull market.

• **Investors Still Dominate**—In today's market, most of the money is still coming in from two kinds of buyers: (1) The conservative, wealthy investors, who like to play safe, and (2) the investment trusts, that channel into conservative stocks the funds of small buyers who in other years might have bought the cats and dogs.

The conservative buyers think in terms of yields rather than quick profits. Many of them are moving into stocks only because they can no longer live on bond yields. High-grade corporate bonds now yield around 2 1/2%. But

Standard & Poor's list of 50 industrial common stocks is now averaging a 6½% yield. It was as high as 7½% when the stock market was at its low point last year.

Along with the decline in bond yields, the community-property angle in the federal income tax makes stock dividends more attractive now for high-income investors. This tax change first applied on 1948 income. Brokers think

people who ordinarily invested in tax-exempt municipals didn't realize that the change would make a difference.

• **Puzzler**—One well-known broker who watched every bull market since 1919 says that he has never seen a bull market like this one. "Every time speculation starts to get out of hand," says he, "it suddenly seems to fade away." This week, for instance, there was a sell-off in television shares.

## First-Quarter Dividend Payments Up 9.8%

Cash dividend payments are off to a flying start this year. The first-quarter dividend tabulation released last week by the New York Stock Exchange shows that payments totaled 9.8% more than the same period a year ago.

First-quarter dividends on listed common stock issues added up to \$1,020,540,000, some \$91 million greater than comparable 1949 figures. This is the highest quarterly dividend total on record except for the final quarters of 1948 and 1949; and year-end declarations always make the last quarter of a year look good.

Take more than a quick glance at the figures, though. Dividends

in general were a good deal spottier than the total would indicate.

For one thing, some 40% of the stock groups actually paid smaller dividends than 1949—a year ago, only 34% of the groups showed declines. And a relatively small number of groups accounted for the big gains this year. Two groups—utilities and oil and gas—supplied 71% of the over-all dividend gain chalked up in the first quarter. And only two more accounted for another 25%. During the quarter, companies had to reduce, defer, or eliminate payments to stockholders on 139 issues compared with only 117 in the same 1949 months.

	First-Quarter			Dividend Results			Approx. Amount		% Change	
	Number of Payers	1949		1950		Higher	Same	Reduced		
		Issues	1949	1950	1949	1950	1949	1950		
Aircraft.....	24	7	8	2	4	2	\$7,397	\$7,166	-3.1%	
Amusement.....	23	14	14	5	8	2	18,589	16,939	-8.9	
Automotive.....	70	50	52	17	30	7	94,873	106,631	+12.4	
Building trade.....	29	24	22	5	13	6	9,759	9,296	-4.7	
Chemical.....	79	66	67	19	44	6	99,861	111,436	+11.6	
Electrical equipment.....	20	16	15	5	7	4	22,304	38,248	+71.5	
Farm machinery.....	8	6	7	3	2	2	12,095	15,805	+30.7	
Financial.....	30	19	21	9	11	1	19,186	23,625	+23.1	
Food products & beverages.....	68	55	52	7	42	6	49,095	51,033	+3.9	
Leather & its products.....	11	8	8	2	5	1	5,450	5,258	-3.5	
Machinery & metals.....	103	83	82	15	52	19	34,773	36,276	+4.3	
Mining.....	39	24	21	1	10	14	32,826	27,074	-17.5	
Office equipment.....	10	9	9	1	6	2	7,490	7,651	+2.1	
Paper & publishing.....	35	30	27	3	18	9	16,105	16,106	—	
Petroleum & natural gas.....	45	36	38	3	30	5	94,260	131,603	+39.6	
Railroad & R.R. equip.....	81	42	41	4	34	8	61,444	47,860	-22.4	
Real estate.....	10	6	6	2	4	1	2,591	2,617	+1.0	
Retail trade.....	70	57	55	8	39	10	73,003	77,072	+5.6	
Rubber.....	10	8	8	0	5	3	8,507	7,410	-12.9	
Shipbuilding & operating.....	11	7	7	0	7	0	3,625	3,625	—	
Steel & iron.....	39	30	28	3	19	9	45,849	42,985	-6.2	
Textile.....	43	42	37	1	25	15	21,229	17,120	-19.4	
Tobacco.....	16	14	14	4	9	1	20,417	22,073	+8.1	
Utilities.....	88	65	71	27	44	0	126,056	153,507	+21.8	
U. S. cos. oper. abroad.....	24	10	8	0	6	4	11,419	8,751	-23.4	
Foreign companies.....	17	12	12	4	7	2	26,055	26,724	+2.6	
Other companies.....	17	15	15	5	10	0	4,890	6,589	+34.7	
Total.....	1,020	755	745	155	491	*139	\$929,148	\$1,020,540	+9.8%	

\* Payments were reduced on 99 issues, eliminated or deferred on 40.



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# LABOR



PRESIDENT Philip Murray and other CIO bigwigs went all-out against UE last week.



WORKERS VOTED 27,281 to 22,817 for CIO's IUE at 40 Westinghouse plants.



IUE CLAIMED VICTORY in lively union-hall celebrations. But the outlook is grim.

## Not UE, Not IUE, Just Trouble

That's what came out of the even split in the NLRB vote at Westinghouse. So now unions are gunning for victories at GE.

Westinghouse Electric Corp. elections last week failed to answer an important question that everybody thought would be answered: Who will control the electrical manufacturing industry, CIO's International Union of Electrical Workers or the ex-CIO United Electrical Workers?

The stalemate at Westinghouse made the coming bargaining election in General Electric's 57 plants loom even

more important in the IUE-UE struggle for industry bargaining control. If either is to dominate the industry, it will have to win a smashing victory at GE on May 25. Otherwise, the union with the most membership will be confronted with a large and effective minority—collective bargaining will be on a highly competitive basis.

• **The Results**—After the National Labor Relations Board tallied votes cast

at 40 scattered Westinghouse plants, it announced:

- IUE had edged its leftist rival in the total popular vote (27,281 to 22,817); it had also gained bargaining rights over a substantial majority of all Westinghouse employees (27,883 to UE's 14,574).

- Status of the big 13,000-employee plant in East Pittsburgh remained in doubt this midweek. IUE eked out a 5,763 to 5,663 lead over UE, but 170 no-union ballots and 147 challenged votes may make a runoff necessary.

- But IUE and UE broke even in the really important phase of the election—in the plant-by-plant contest for bargaining rights. IUE will represent twice as many workers as UE at least until the status of the East Pittsburgh plant is settled. But each will bargain in 20 plants.

- **Whose Victory?**—Both unions automatically claimed a victory. But privately, both admitted being jolted a bit by the outcome of the voting: IUE because it had thought UE was on the ropes, its strength about gone; UE because it expected more rank-and-file backing, better than 50-50 division of the important Westinghouse contracts.

Regardless of who won, there was one sure loser: Westinghouse. The vote left Westinghouse in the middle of a tough bargaining situation—caught between two evenly matched, aggressive rival unions.

- **Double Trouble**—The election results show its employees are divided pretty evenly between IUE and UE. Both are strong enough to make trouble for the company in an interunion fight for bargaining supremacy.

This is sure to be reflected in:

- (1) Contract bargaining, with the two unions contesting for the best terms for their members;

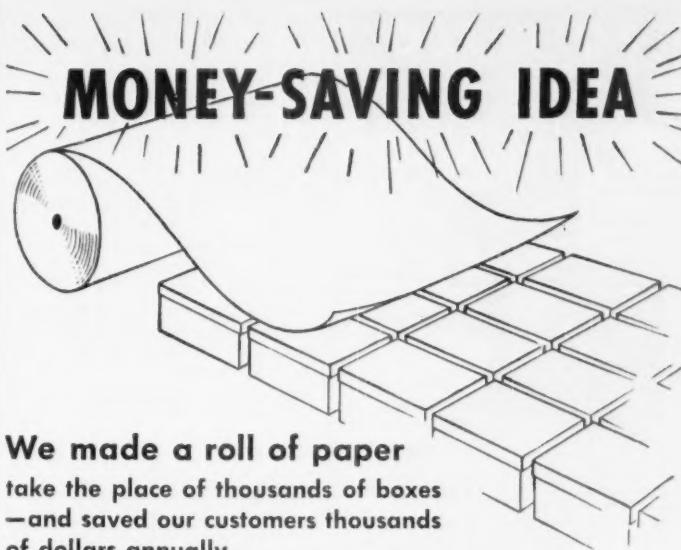
- (2) Grievance handling, with each union intent on proving it can do the best servicing job for Westinghouse workers; and

- (3) Continuing organizing drives, since each union will be trying hard to outnumber its opponent.

- **Company Policy**—Westinghouse is maintaining the neutral policies it has had in effect since Apr. 1—when contracts with UE expired. It announced this week that pre-election neutrality will be followed until NLRB formally certifies new bargaining agents—or until May 31, whichever is earlier.

- **First Real Test**—The elections last week provided the first real test of strength between IUE and UE. The right-wing CIO union had won a decisive victory earlier at General Motors, but the bulk of GM's 30,000 electrical workers had been fighting UE's top leaders for 10 years. So their 8-to-1 vote for IUE didn't surprise anybody.

But the situation at Westinghouse



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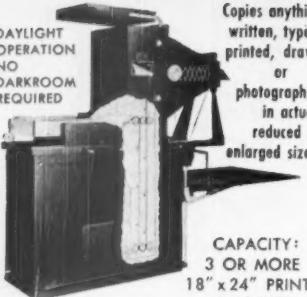
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was a lot different. Workers there had no strong sentiments either for or against U.E. policy before the big union split last fall. So both IUE and UE called the contest for 55,000 Westinghouse workers "crucial" to their future. Both threw everything they could into six months of heated campaigning.

• **Demands on Record**—Both IUE and UE are on record with lists of contract demands for Westinghouse (BW-Apr. 8'50, p101). They have been holding back, waiting for the outcome of NLRB polls. Now, both say they will ask for a quick opening of contract negotiations.

Obviously, because of the rivalry, bargaining will be tough. But observers in the industry don't look for strikes. The Westinghouse results show such a delicate balance in many plants that neither UE or IUE will be likely to chance a walkout.

• **New Tests Ahead**—IUE and UE have three more major tests of strength just ahead: at GE plants; among Sylvania Electric Products' 15,000 workers; and in two plants of the Radio Corp. of America (Victor Division).

NLRB will run off 122 elections in GE's plants in 52 cities. More than 100,000 employees are eligible to vote; the biggest group will be the 16,700 employees in Schenectady.

At the Schenectady atomic energy plants, the union that wins will have another hurdle: It will have to meet the Atomic Energy Commission's security requirements before it can be certified. This probably would bar UE, since GE has long been under orders from AEC not to bargain with it.

• **IUE Ahead**—So far—outside of Westinghouse—IUE has a 40-to-13 edge in NLRB elections won. It has taken over several plants from UE without a challenge. And it can count 55,000 undisputed members.

UE hasn't shown up so well in NLRB certifications, but it hasn't been challenged yet in 1,200 of its 1,500 contract plants. And while it has lost a batch of big and important locals, it probably isn't down very far from its late-1949 manpower. Merger with the Farm Equipment Workers (ex-CIO) has gone a long way toward balancing losses.

## Chrysler Deal: A Marathon

Bargaining to end UAW strike winds up as a novel non-stop business. Teams of subcommittees work day and night to hammer out details. Pension, insurance terms shape up.

A new kind of bargaining marathon was driving the strike at Chrysler toward a settlement this week. Agreements had been roughed out on many critical issues. Behind closed doors, teams of union-management negotiators haggled over the last big barrier to a return to work: the exact wording of a new contract.

• **Progress, But**—Detroit observers cautiously hoped that, barring "unforeseen complications," Chrysler's 89,000 strikers would be back on the job Monday. They added that an end to the walkout hinged on an end to company-union bickering. At midweek, it hadn't ended.

But the bargaining was in dead earnest, and it had taken on a unique form: virtual nonstop discussions between the company and the United Auto Workers (CIO). Teams of negotiators started talking on Saturday afternoon, April 29. They said plainly then that they would keep talking "indefinitely" until they had hammered out a contract.

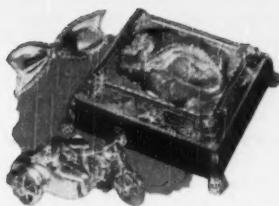
• **Teamwork**—Generally, each side picks a single group to do all its contract talking. You might almost call the Chrysler deal a mass-production process. The technique is comparatively simple: Negotiating teams break down into sub-

committees of three or four on each side. These small groups bargain on specific issues, work until they're exhausted, take time out for a few hours, then dig in again.

Thus there were negotiations always in process this week at the Sheraton Hotel in Detroit. All groups weren't at work always at the same time—but enough of them were to keep the progress reports flowing.

An approach like that in this late stage of a strike isn't always practicable. Before it will work, top people on each side must have blocked out a general agreement on what they'll take in the way of contract terms. Then a corps of subordinates must have had a thorough briefing on everything that has been agreed on. And when they do move into action, there must be a smooth-functioning line of communications between groups; as in any negotiation, no one point can be settled without considering all.

On top of that, the head people on both sides must be on the job to see that the subcommittees stick to the framework of their original board agreement. There was some sardonic expectation around the Sheraton early this week that there may be surprises in the eventual Chrysler contract: When



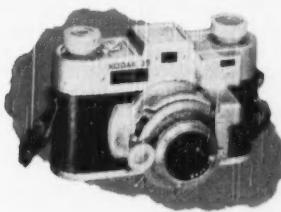
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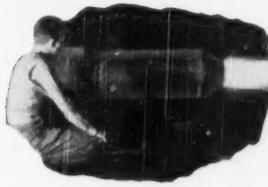


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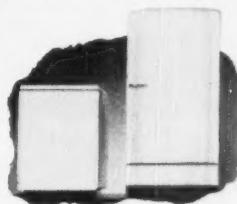
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WW-5-6



it comes to putting the words on paper, a few understandings may not show up just the way they were expected to—because negotiators were too tired to keep a sharp edge on their differences.

This kind of approach takes something else, too: a board variety of expert negotiating help. This midweek, about 30 people on each side were working out individual clauses for the contract. Actuaries were framing pension details; labor-relations technicians were arguing about grievance machinery, seniority, and the like; attorneys saw that the language was legally foolproof (one team debated for 12 hours last weekend over whether the phrase "conditions of employment" or "terms of employment" should be used); hard-fisted negotiators whose specialty is fighting for concessions were there.

• **Secondary Defense**—As if this bargaining wasn't complex enough by itself, there was an added problem of secondary interference. Thus every decision was reviewed within minutes by top company officials. And, too, the Sheraton was swarming with local union officials, intent on seeing that international UAW negotiators didn't bypass some "must" demands of the locals.

• **Agreement Points**—At midweek, there was no direct word on what decisions had been made. But it was generally understood that an agreement had been reached on pensions, insurance, and other economic terms of the contract. "Unresolved issues" supposedly holding up the back-to-work order were minor pension details, noneconomic disputes.

Parties apparently have agreed in rough terms on these points:

(1) Pension financing along the lines of the Ford plan. Chrysler will pay enough cents-per-hour-worked to fund all earned credits, past and future.

(2) Broadened insurance payments by the company—enough, perhaps, to make up the payments hitherto borne by workers; that way, they would get the equivalent of a hike in take-home pay.

(3) Technical modifications of the working contract.

• **Interested Bystanders**—The Chrysler walkout started Jan. 25. The issue was the method of financing pensions of \$100 a month, including social security. Stoppage by 89,000 Chrysler workers has idled at least 50,000 others—mostly in plants of Chrysler parts suppliers.

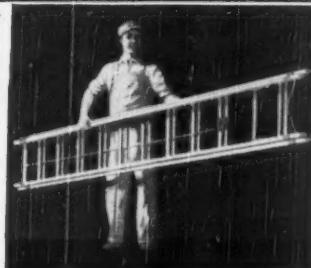
These companies and workers anxiously followed the week's developments. So did companies that have bargaining sessions with UAW in the offing.

Meanwhile, even though there were no details of a Chrysler agreement at midweek, UAW negotiators were criticized by the factionalized union. Ford Local 600's newspaper warned that if the Chrysler strikers didn't get a better pact than Ford got—without a walkout—they had lost their long strike.

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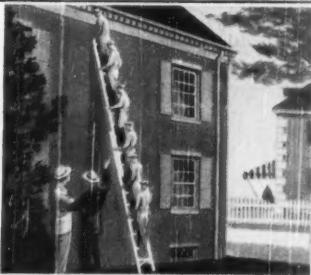
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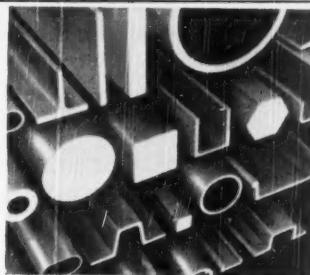
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Easily handles 1000 lb. load

*made  
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1 By chartered bus and plane, Hawaiian Pineapple Co.'s 3,000 employees are making "know your company" trips to plantations and

canneries. The \$50,000 project aims to get workers acquainted with all the company's operations—but it's creating goodwill, too.



3 Workers get a closeup of pineapple plants. A field supervisor explains—using a mike and three interpreters—how growing the fruit is a year-round, two-year job.



4 Field workers see fruit arriving, being graded at the Honolulu cannery.

## The DISPATCHER

### Hawaiian Pine Tests New Idea to Fool Workers

HONOLULU, TH.—A new gimmick has been thought up by the Hawaiian Pineapple Co. to fool their employees into believing they are interested in their welfare. The gimmick consists of "know your company tours" to other plantations and canneries.

The company will pay all plane, bus, taxi fares, meals and 8 hours wages at regular

6 "It's a company trick," complains union newspaper—but workers like tours.

## "Know Your Company" Tours

One of the toughest opponents of Harry Bridges' International Longshoremen's & Warehousemen's Union (CIO) has scored neatly in the running battle of Hawaii. Both sides are scrambling for the goodwill and backing of island pineapple, sugar, and waterfront workers.

This week, it was clear that Hawaiian Pineapple Co. has made gains where they count the most—among its 3,000 plantation and cannery workers. Some \$50,000 worth of "know your company" tours—for all Hawaiian Pineapple Co. employees—is bringing in the coveted goodwill.

• **It Hurts**—There's little doubt that the project has hurt ILWU's campaign of

antiemployer indoctrination. The union is fighting back through its newspaper, The Dispatcher, trying to regain the initiative. It describes the employee tours as "a gimmick . . . to fool employees into believing the company is interested in their welfare." The workers would be better off, the Dispatcher says, if Hawaiian Pineapple put the tour money into their pay envelopes. But so far, the workers aren't buying that line.

Hawaiian Pineapple packs the familiar Dole brands of fruit and juices. It owns almost all of Lanai, the so-called "pineapple island" about 60 miles from Honolulu. In Honolulu, it operates the world's largest fruit cannery. Its em-



**2** Cannery workers see how pineapple is grown commercially on the company's Lanai Island plantations. They watch a double-boom rig spray the fields with an iron solution.



**5** They follow it along conveyor belts, watch machines spray, clean, shell, core, and (above) trim, and slice pineapples. Machines can handle 100 pineapples a minute.

## Build Goodwill in Hawaii

ployees on the plantations and in the cannery are members of ILWU.

• **Discovery**—Some time ago, company president Henry A. White found out something startling. Many of the company's plantation workers were a complete blank on how the fruit is packed; some had never even tasted the company's canned products. In the same way, many of the cannery workers knew nothing whatever about how pineapples are grown commercially on the company's picturesque plantations.

Management's cure for this state of things is the "know your company" tour. On the surface, the idea is to let year-round employees see the whole Hawaiian Pineapple operation. But

there's another goal: to narrow the gap between employer and employees.

• **Big Day**—The tours started in April—the beginning of the pineapple off-season. The company chartered DC-3s and a fleet of buses. Then it invited employees to sign up for free trips—plantation workers to the Honolulu cannery, cannery workers to one of the Lanai plantations.

Nobody has to make the trip—but not many are turning down the offer. For a lot of the workers, it's their first plane jaunt, and for some their first triff off the home island.

It's a gala excursion, too. Hula dancers and musical troupes greet each group of visitors at plantation or can-

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nery. Employee committees serve as hosts and conduct guest tours—telling what goes on in Chinese, Japanese, and Filipino languages. The day's program includes a picnic lunch, movies, and on-the-scenes demonstrations.

One of the best things about the tour is that it's all on a regular work day—the "tourist" gets his usual day's pay.

● **No Bite**—That fact has taken most of the sting out of ILWU's criticism of the project. And the fact that tours are scheduled for the off season—when work is often irregular—has kept ILWU from getting anywhere with some other charges: that giving some workers a "holiday" forces a speedup by others, and that the tours are causing shortened work weeks and layoffs.

## Company Asks Workers: Who Wants Pensions?

What does the typical auto worker think of the United Auto Workers (CIO) pension drive?

The first answer is: He's probably 100% for it; AEW's strike showing against the Chrysler Corp. proved that. But you can't rely on a man's picket sign to tell you what he's thinking—personally.

Recently, a Detroit auto company sponsored a survey among workers in their homes to find out what they really think. The company asked this question: "Would you rather have a 10¢-an-hour raise, or a pension of \$100 at age 65?"

Of the workers contacted:

● 54% said they would rather have the 10¢ hourly raise; 36% favored pensions at 65; 10% didn't express a choice.

● Most workers under 30 (often the lowest paid) prefer the raise; most employees over 50 favor pensions.

● 67% of home-owners over 40 prefer a pension plan; only 38% of non-home-owners in the same age group want pensions.

● Most auto workers who migrated from nonindustrial areas prefer pensions. The same thing is true of foreign-born workers. But those born and raised in industrial areas said they'd rather have a 10¢ hourly raise, most of them hope to quit the auto plants before retirement age.

● 58% of the workers having more than 10 years' seniority favor pensions—while only 18% of those with two years or less would.

The survey served mostly to re-emphasize the fact that sustained pressure for pensions can be expected in plants with older, well-paid workers; younger ones, just starting up the wage scale, will be likely to compromise for a boost in hourly pay.

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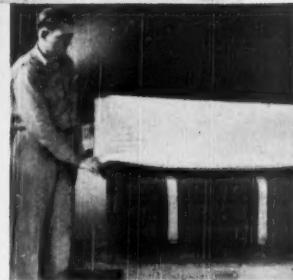
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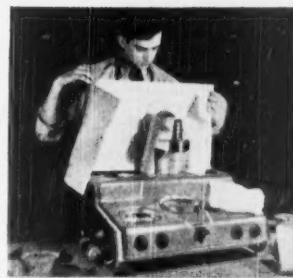
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Surface Protection. Love seat. Photo courtesy of Century Furniture Company, Hickory, North Carolina.



Combination Wrap. Cory coffee brewer. Photo courtesy of Cory Corporation, Chicago, Illinois.

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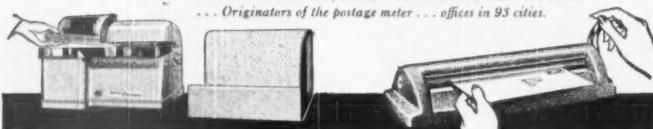




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## Accent on Security

Unions put new stress on severance pay, fearing layoffs some day. URW contract is straw in wind.

Unions still aren't convinced that full employment will last indefinitely. And their fear is reflected in the growing importance of what has been, in the past, a secondary labor demand: severance pay for workers laid off or discharged from jobs.

Recently, employees of Baldwin Rubber Co., in Pontiac, Mich., agreed to table demands for a "pattern" pension program to provide \$100-a-month retirement pay at age 65. They told negotiators to go after severance pay instead. The result: a new contract clause providing dismissal pay, after five years, for workers leaving Baldwin Rubber for any reason.

• **Others Interested**—Unions in electrical manufacturing, textile, and other industries are also studying severance payments. They want a financial cushion against permanent displacements resulting from plant shutdowns, mergers, or technological changes.

It's hardly likely that the other unions will follow the example of the Baldwin Rubber URW local and substitute severance pay for pensions as a top contract demand. The present pattern of pension and insurance bargaining is too firmly set. But strong arguments will be put to employers to lay a groundwork for a real severance-pay drive—in 1951, or whenever unemployment threats grow grimmer.

• **Baldwin Plan**—With that in mind, management men outside the rubber industry are studying the new Baldwin Rubber severance-pay plan. It's different from most now written into contracts.

(About 8% of all labor pacts on file with the Bureau of Labor Statistics contains some kind of dismissal-pay clause. Most cover newspaper workers or white-collar clerical, technical, and social-service personnel. Only a scattering of production-line contracts in other lines provide for severance payments.)

• **Dismissal-Pay Fund**—The Baldwin Rubber-URW plan covers production workers. It sets up a dismissal-pay trust fund—administered jointly by company and union—financed by 6¢ an-hour contributions by the company. This cost runs about the same as the amount other companies are putting into pension funds.

Employees become eligible to collect dismissal pay after they've been on the payroll for five years. After that, they get lump-sum payments if they leave



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Here's how the plan works out: A worker who leaves his job for any reason after 6 years collects \$90; after 10 years, he gets \$450; after 15 years, \$1,350; after 20 years, \$2,700; and after 25 years, the maximum, \$5,000.

Baldwin Rubber's 6¢-an-hour contribution is fixed by contract. The dismissal-pay allowances are flexible, can be raised or lowered, by labor-management agreement, as experience requires.

## LABOR BRIEFS

**A new teamster drive** in wholesale and retail trade is planned by the AFL's Dave Beck. Beck's teamsters now claim both the men who truck in the goods and those who handle and sell them.

**AFL-CIO cooperation** will be big issue when the AFL's executive council meets next week. Conferences between top-level leaders of the two unions have already been held. Their decision: political, but not organic, unity in 1950.

**The new insurance union** set up by the CIO is out to take over locals of the ousted United Office & Professional Workers as its first goal.

**If rent controls go**, unions may follow up with new wage demands. That's the warning of AFL's William Green, testifying before a Senate subcommittee. He estimates decontrol would be same as a 5% wage cut.

**Fewer quits in 1949**: That's the report from General Motors, which credits "proper selection, placement, and follow-up" personnel practices.

**The Pictures**—Cover by Dick Wolters. Acme—77, 92, 98, 103, 108; Goodyear—25; Int. News—87, 126; McGraw-Hill World News—128; Sovfoto—125; Todd Webb (Standard Oil, N. J.)—74 (top); Wide World—20, 81, 82; Dick Wolters—22, 23, 26.

## Missouri Muddle

**State keeps Kansas City buses and streetcars running under utility antistrike law. But no strike is no solution.**

The State of Missouri this week took over operation of the Kansas City Public Service Co. to stave off a wage strike in the city's public transit system. To do it, the state called for the first time on a 1947 utility antistrike law. But while a seizure order signed by Gov. Forrest Smith kept buses and streetcars running, it didn't touch the issues involved.

Earlier this year, AFL's Street Electric Railway & Motor Coach Employees asked the company for a 24¢ hourly raise. The company said flatly any raise was out; Powell Groner, Public Service president, said that the utility's last report showed a loss.

• **Down, Not Up**—The dispute went to arbitration. A three-man panel, made up of company and union attorneys and Missouri Circuit Judge James Blair, heard the pros and cons. Then, after some haggling, it recommended not a raise, but a 5¢ pay cut.

Judge Blair wrote the award, explaining "the company is not prosperous nor legally solvent."

Under Missouri law, parties in a utility dispute aren't required to accept an arbitration decision. So when the company said it was putting the 5¢ wage cut into effect May 1, the union countered: Its members wouldn't work under the new rate, it said.

• **Up Again**—Gov. Smith intervened in the deadlock with a seizure order. It placed operation of the utility in the hands of Vance Julian, chairman of the Missouri Mediation Board. Julian in turn called on Groner to manage the utility as before—with the same wages and working conditions that were in effect before the arbitration. That stopped the union from striking.

Meanwhile, state mediators are trying to get a company-union agreement on new contract terms. But at mid-week, the union was sticking to its demand for a wage increase; Groner was insisting more strongly than ever that a pay boost wasn't possible.

• **Complications**—And other problems were coming up to interest legal minds. For instance, Groner set legal jaws wagging—and maybe laid the groundwork for a court wrangle—with this announcement: Public Service expects the state to make good any operating losses that occur under state operation. The state insists it isn't liable for any deficit it incurs while running a utility during seizure.

# Drudgery is Disappearing

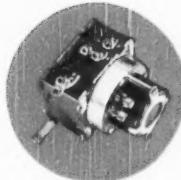


*...first from washing the clothes  
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Automatic washing machines did away with wash-day drudgery . . . and now automatic dish washers are doing the same for the drudgery of the dish pan. The "brain" of most of these labor-saving machines of both types is the Mallory interval timer switch . . . controlling the entire cycle of spraying, washing, rinsing and drying. It does much of the thinking as well as the work for the modern housewife.

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK  
MAY 6, 1950



Secretary Acheson's line at the London conference will be:

Yes, the U. S. would like to participate more deeply in the Atlantic community to strengthen the West against Russia; but

Atlantic unity is a joint enterprise. Britain, France, Benelux, and the rest must be ready to shoulder their share of the burdens. If the U. S. is supposed to pick up the entire check, it won't work.

So Acheson will tell the foreign ministers' get-together that he is against any new Atlantic organizations now. He will be willing to broaden the present North Atlantic Pact. But he wants specific problems to be tackled before more superstructure is set up.

•  
The British will hear some hard words from Acheson.

U. S. officials are nettled at Britain's complete preoccupation with its own economic problems. Acheson will insist that the British pay more attention to the problems of the cold war.

That means greater British participation both in western Europe and in Asia—even if that lessens the chances of balancing the sterling area's payments by 1952. Acheson will tell the British that their economic problems can never be solved unless the cold war is won.

•  
The French will get a lecture, too.

Acheson will tell French Foreign Minister Schumann not to expect a big U. S. economic or arms-aid program for Indo-China this year. He will say that it's just impossible to ask Congress before the fall elections.

And Acheson will warn the French to mend their ways if they expect such a program next year. Specifically, he will ask that the Viet Nam government be given a lot more independence than it now has.

•  
A German formula is certain to come out of the London talks.

Chances are it will look like this:

The industrial level in western Germany will be raised. Allowable steel production will be upped from 11-million to 12.5-million tons this year.

Western Germany will get limited diplomatic representation.

The Bonn government will be allowed to build a security police force—but not an army.

•  
The British will greet Acheson's proposals with customary caution.

Whitehall likes the idea of an Atlantic community into which Britain can fit its triple ties with the U. S., the Commonwealth, and western Europe.

But neither the Treasury nor the Foreign Office wants to limit its freedom to decide when the pound can be made convertible into dollars. And that's the ultimate aim of western economic recovery.

Chances are, though, that Britain's Labor government won't be able to drag its feet very much at the London talks. Tory leader Winston Churchill will be in there with a big needle. He has long plugged for a western world united in an Atlantic commonwealth.

•  
The White House has patched up a truce between Congress and the State Dept. during the London talks.

That's why the ranking Senate Republican, Styles Bridges, was called in by Truman a few weeks ago.

When Acheson returns, the atmosphere may be a bit clearer. The

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
MAY 6, 1950

Senate Foreign Relations Committee has formed eight subcommittees to match the eight assistant Secretaries of State. Through these subcommittees, State will keep the Senate informed of policy planning from the idea stage on up. A similar system is in the making for the House.

State Dept. officials expect that more skeletons will be trotted out of the closet between now and the fall elections.

The spy hunt is too much out of hand—too involved in politics—to be stopped now. President Truman could stop it, of course. But apparently he feels that it's earning more votes for the Democrats than the Republicans.

The big danger is that the implied target of all the charges is Secretary Acheson. State officials fear that Acheson, perhaps on the threshold of a diplomatic victory, could be repudiated at home—just as President Wilson was after World War I.

A development program for southeast Asia will be drawn up at the Commonwealth economic conference that soon opens in Sydney, Australia.

Chances are only U. S. technical assistance will be asked for at first. Asia's immediate economic problems are boosting farm output and improving public health facilities.

At some stage, large-scale U. S. loans or grants will be needed. But next year is a more likely time—and perhaps a luckier one. For the State Dept. doesn't have a prayer of getting Congress to pass a money program for Asia this year—unless of course, the crisis heats up.

The Sydney conference will limit its planning to India, Pakistan, Ceylon, and Malaya—all in the Commonwealth.

Another meeting being planned for the fall will include the rest of southeast Asia. This meeting may set up an organization to coordinate all aid programs in the southeast Asian area—something like OEEC in Europe.

Discount talk that the British have asked the U. S. to pay off some of their sterling debts. No such plan is in the works—yet.

Britain's debts—the sterling balances—have been one subject of Anglo-U. S. technical talks ever since last September. Primary U. S. interest is how they affect the problem of giving help to southeast Asia.

But as a drain on the British economy, sterling balances are not the problem they used to be. Southeast Asian countries—mainly India and Pakistan—hold about £700-million in sterling balances. Of this, some £400-million is needed for currency backing; another £150-million, for normal trade balance.

The British don't want to see these balances drop much below their present level. The demand they create for British exports is good insurance for the Labor government's full-employment policy.

Talks with businessmen in major U. S. cities will be a big point in the current visit of Pakistani Premier Liaquat Ali Khan.

Pakistan—unlike India—has a pretty good economic climate to attract U. S. investors. A steel mission, organized by U. S. Steel, has already made a survey to find out Pakistan's steel potential.

At the official level, the visit is strictly a kid gloves affair. The State Dept. is anxious to impress Liaquat without making India's Nehru suspicious. So there will be no horse trading over U. S. aid to Pakistan.

# BUSINESS ABROAD



INNER CIRCLE: Russia's policy makers map political offensive that calls for scuttling U. N., perhaps setting up new Soviet version.

## Russia's Aim: An Empire, Not War

Stalin's grand strategy for "peaceful coexistence" involves a self-sufficient Soviet, ejection of the U. S. from Europe.

The London conferences of western powers this month may prove to be the most important international meeting since Potsdam. If there is to be a strong Atlantic community, opposing the Russian empire, it will have its beginnings in these meetings.

A shooting war isn't an issue now. That's the opinion in Washington, London, and Paris. And the evidence from behind the Iron Curtain supports that opinion.

But a political war that threatens the security of the West just as surely as Russian tanks and planes do is in full swing. **BUSINESS WEEK**'s editors have compiled a report on Russia's objectives in that political war and its progress toward them. It is the background against which the London negotiators must work.

The Kremlin is confident that its primary postwar objective—pushing the U. S. out of Europe and Asia—can be achieved.

That's what Stalin means when he talks of "peaceful coexistence of the socialist and capitalist worlds." Once that is achieved, Soviet philosophers believe, all roads lead to Russian control over Europe and Asia.

This philosophy says that the risk of war should be avoided for the foreseeable future. All effort must be bent to

building a strong, self-sufficient Soviet empire by 1952-53. By that time, the U. S. will have no choice but to accept "peaceful coexistence."

• **Disintegration**—Why? Because, say the Soviets, without Russian controlled markets—with their 700-million people—an economically sound western Europe and Japan can't exist. The Kremlin doesn't believe the U. S. will be willing or able to support a bankrupt western world after 1952. It believes the attraction of eastern markets will disintegrate the Marshall Plan structure quickly and easily.

At first, that would force the U. S. to accept the "neutralization" of Germany and Japan. Then "people's front" governments (coalitions including Communists) would appear in France, Italy, and Japan. That's just a step away from people's democracies (Soviet satellites).

Some of Moscow's more optimistic planners even believe it possible that the U. S. would cooperate by financing a "peace in our time" movement—1952 version—by granting huge credits to promote East-West trade.

• **Tactics**—The tactics that go with Moscow's strategy may include:

(1) Quitting the United Nations,

and perhaps setting up a new version for the Soviet empire.

(2) Gradually breaking off all relations between the U. S. and the Soviet empire.

(3) Cutting all ties between eastern and western Europe that don't directly help the empire builders in carrying out their work.

(4) Supporting national front movements in Germany and Japan, offering early peace treaties, and working to encourage business interests to trade with Moscow.

• **Blueprints, Plus**—The first steps in Stalin's grand strategy of peaceful coexistence—the building of a self-sufficient Soviet empire by 1952—were outlined at the recent Moscow trade conference. The conferences lasted from the beginning of December to the end of February. All the Eastern satellites participated, plus, of course, Communist China.

During the conference, Stalin's empire builders did more than show their blueprints. They actually set up:

An **empire bank**, linked to the Moscow State Bank, which will relate all satellite currencies to the ruble. It will also handle all foreign exchange of the empire.

An **empire planning institute**, which will map heavy industrial development from the Elbe to the Pacific. The Soviet Prombank (Industrial Bank) will

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take over financial control of all satellite heavy industries.

An **empire-trade clearing house**, which will gradually take over not only the foreign trade of the empire, but also trade among the satellites.

More evidence of the work of Stalin's empire builders lies in the long delay in announcing Russia's second postwar five-year plan. As long ago as last July, the Soviet government said it would complete its first postwar five-year plan in four years. In December, Commissar Malenkov confirmed the announcement, but no new plan has been forthcoming.

• **Widened Scope**—Chances are the reason is that the new plan is being expanded to cover the whole empire. That means significant changes, of course. On the one hand, the Kremlin can look forward to immense new profits from its empire trading agencies. On the other, new industrial developments in the empire will be a heavy burden on the Soviet steel and capital-goods industries.

Stalin's empire now produces about 25-million metric tons of steel a year. At the Moscow trade conference, new projects were mapped for steel in Poland, Czechoslovakia, and Manchuria. These are probably armament combines for the most part.

The Czechs are supposed to invest \$300-million this year in a steel project in Slovakia. Moscow has promised to boost its capital-goods exports to Czechoslovakia by 50% to make the job possible.

The Poles are to start a steel project near Cracow. As planned, it will more than double Poland's current 2-million-ton-a-year steel capacity. Moscow has

promised to supply all the machinery, plus the engineering staff.

• **Siberian Business**—Also figuring in the delay of the second five-year plan is a new industrialization program for Siberia. By 1952, Moscow plans to have 60% of its steel production and at least half of its oil production safely hidden behind the Urals. Reports from the Baltic States say large segments of the population are being shipped east to provide the labor force.

• **High Command**—Outside of the industrial field, Soviet empire builders are preparing other moves: You can expect:

(1) A Soviet high command to absorb the eastern European armies into the Red Army. Red China's armies will probably be linked by a joint general staff.

(2) Mandatory knowledge of the Russian language for all satellite officials, teachers, and journalists.

(3) Finally, perhaps within a year, "popular movements" in eastern European satellites for political membership in the U. S. S. R.

• **Pressure**—It's a long mile between the establishment of a Soviet empire and the political conquest of western Europe and the rest of Asia. But it's foolish to deny that the long-range strategy is already being felt—at least in Germany and Japan.

Undoubtedly, the Kremlin has aces up its sleeve to encourage the forces of "neutrality" in both these countries. Reports out of Peking indicate that Mao Tse-tung is readying a generous peace treaty coupled with a succulent trade agreement to woo the Japanese. Moscow almost certainly will offer the same to eastern Germany on the eve of elections scheduled for this October.



## Oil Drum Factory Rides to the Fields

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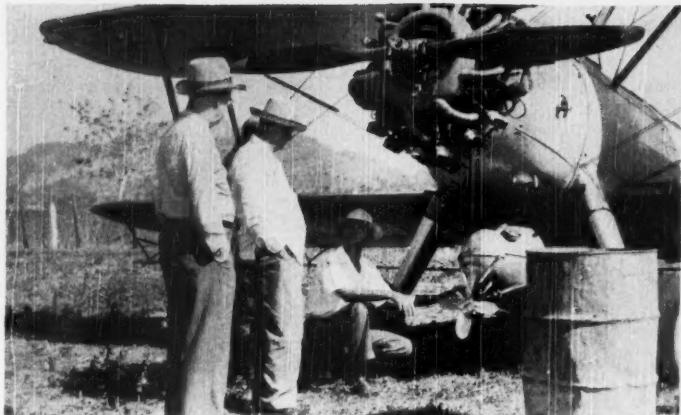
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## Fadeout for Anopheles

When you're rehabilitating a malarial island, first catch your mosquito. On the Isle of Pines, that's what Cuba is doing—with U.S. help. Test could be guinea pig for Point 4 operations.

If it weren't for malaria, Cuba's Isle of Pines could be a mighty pleasant place to live and work. Instead, this island 90 miles off the south coast of Cuba is an economic sinkhole. Its people are devitalized, jobless, discouraged.

Last month, Cuba began the task of reclaiming the Isle of Pines; it hopes to give the fever-ridden "Pineros" a chance to use their undeveloped resources.

• **Mosquitoes First**—The first step was to get rid of the mosquitoes. For this job, Cuba enlisted the help of a U.S. company—Michigan Chemical Corp. With the company's DDT and its in-

secticide know-how, Cuba thinks it will be able to wipe out every mosquito in the 1,180-sq.-mi. area.

More than 300,000 lb. of a new, high-concentrate DDT developed by Michigan Chemical is being used to lay down a fog all over the island—a fog that's death to mosquitoes. An army of Cuban sanitation workers has descended on the island; they'll use planes, helicopters, tractors, jeeps to do the job. By July, the end of the rainy, mosquito-breeding season, U.S. and Cuban entomologists will take a mosquito census. If they can't find any new eggs in the marshes and streams of the island,

the mosquito war will be won. The next goal will be economic development. • **Guinea Pig**—Watching the Isle of Pines experiment will be the U. N.'s World Health Organization, and public health officials of the U. S. and of many South and Central American countries. Malaria has long been a bar to progress: From Sao Paulo, Brazil, on up through Central America (and on many Caribbean islands), much of the east coast of the continent is malaria-infested. And so are many other parts of the world.

Businessmen have an interest in the Isle of Pines experiment, too. They know what a lot of places they'll have to pass the mosquito firing line before they get ahead with Point 4 development projects. Underdeveloped areas that are malarial will stay underdeveloped.

• **On the Job**—Masterminding the island operation are Dr. Carlos Ramirez Corria, Cuba's Minister of Health, and Roy Wismer, president of Michigan Chemical. The idea of using the Isle of Pines as a laboratory came originally from Dr. Ramirez' brother, director of the Finlay Institute for the Study of Tropical Diseases in Havana. He wanted an area that was thoroughly overrun by mosquitoes, an area so isolated that the operation could be conclusive, and an area that was poor, but capable of development. The Isle of Pines filled the bill.

The Cubans called in Michigan Chemical, long interested in public health and malaria control. A flying squad of Michigan Chemical personnel went to the island, aided Dr. Ramirez in mapping out the campaign.

• **Results**—Reclamation of the Isle of Pines will be a godsend to its 4,000 inhabitants, 40% of whom are out of work. Cuba wants to put some big money into economic development—build highways, schools, and harbors where none now exists. There's an island citrus fruit industry that can be expanded considerably if work conditions are healthful. Island fisheries show a promise for future growth. There's even a gold mine that's now being worked only on a small scale.

And Isle of Pines—inspiration for Stevenson's Treasure Island—is a potential tourist haven. It has a fine climate, good beaches, and lots of relics of the old Spanish Main for visitors to poke around. And it's only 30 minutes from Havana by plane.

• **On to the Mainland**—Cuba wants to see how things work out on the island before launching a big sanitation effort on the Cuban mainland, where there are large malarial areas, too. Dr. Ramirez says of the Isle of Pines venture, "The result of this experiment may well be the start of a new era in the field of public hygiene in Cuba."



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# 'Copter Maker Shoots For Foreign Market

"Plain, old-fashioned market development on a worldwide basis." That's how Stanley Hiller, Jr., president of United Helicopters, Inc., describes his company's plans to sell 'copters in dollar-short countries.

The Palo Alto, Calif., firm has told its distributors in England, India, France, Australia, and other countries that it will accept 40% of the purchase price of its 'copters in sterling—provided the distributor can sell a minimum of 30 machines altogether. With that volume, United figures it can make out financially—even though its dollar return is only 60%. Also, the 'copters will be assembled abroad—which means substantial savings on transportation and shipping.

United won't say how it's going to melt down the 40% of its earnings that will be in blocked sterling. Hiller says, "We have no secret method of converting the sterling. We do have, however, a method of handling it so we don't lose anything on the transaction. We get our money out of it."

### BUSINESS ABROAD BRIEFS

**British movie workers** are going into business for themselves. The 8,000-member Assn. of Cinematograph Technicians has set up a film company, will start shooting their first production this month.

**A 30,000 bbl-a-day refinery** is going up in Antwerp, Belgium. New York's M. W. Kellogg Co. is designer-builder.

**U.S. airliners** flying international routes have chalked up a new world air safety record. In the past two years, they carried nearly 3-million passengers without a fatality.

**TVA in India:** The International Bank loaned India \$18.5-million for a big power project on the Damodar River. The project is part of a \$142-million program similar to the U.S.' TVA.

**Twelve U.S. art museums** will sponsor an exhibition of contemporary Italian handicraft and industrial design come November. ECA and the Italian government hope the museum gimmick will stimulate interest in Italy's goods.

**European businessmen** have taken over the lion's share of the Brazilian market. The U.S.' share of Brazil's worldwide purchases has dropped from 61% in 1944 to 42% last year.

## Enter Czech Cars

Canadian and British cars face competitive threat in Canada. Some 1,600 cars (two models) are expected soon.

U.S. manufacturers aren't the only ones to get steamed up over imports from Czechoslovakia. In the U.S., it's Czech shoes (BW-Apr.8'50,p118); in Canada, it's Czech automobiles.

Evidently, there are enough chinks in the Iron Curtain to allow the Czechs to put 1,600 cars on the Canadian market within the next few weeks. And it looks as if they'll find plenty of buyers. Already, a Quebec auto man has sold 150 cars; a Vancouver dealer has ordered 450; and a Toronto dealer says he'll buy 500 if the Czechs will give a little on the price. That's quite a difference from last year, when only 56 Czech cars came into the country.

• **British Fight, Too**—British manufacturers—who ship a large number of cars to Canada each year—have joined Canadian auto men in trying to get something done about the Czech arrivals. They'll press for a review of Canada's antidumping statutes, hoping to prove that the Czechs are unloading the cars at unfair prices. One big trouble: How can you decide what a fair price for products manufactured behind the curtain is?

Not so long ago, it was the Canadians that were putting the heat on the British; they charged that low-price British cars were being dumped in Canada.

• **Sabotage**—Someone has already taken the matter into his own hands. A Toronto importer said last week that he had suffered losses of \$25,000 from sabotage. Out of a shipment of 100 cars arriving at St. John, N. B., nine were completely ruined, 50 badly damaged. Most of the cars had been skinned clean of all removable fixtures. The importer figures that the dirty work took place somewhere on the high seas en route from Holland to Canada.

Two Czech models are causing all the trouble. The Skoda, selling around \$1,440, is about the only threat to small British cars in the Canadian market. The flashier, rear-engine Tetta-pian, to sell at about \$1,900, will compete with larger, Canadian models.

• **U.S. Not Worried**—In the U.S., there's no Czech auto threat right now. In New York, several top importers of foreign-make cars told **BUSINESS WEEK** that they knew of no Czech autos arriving in the U.S. But American motorists did get a look at the Czech creations at the International Auto Show in New York last year.

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# A Workable Basis for Farm Policy

Our agricultural policy has broken down because the moral foundation on which it rested for 25 years has been discarded.

The cotton-peanut-potato law signed recently by President Truman merely underscores the truth which has been apparent for two years—Congress has been making politically expedient agricultural laws instead of formulating a workable policy.

What was discussed and shaped in the 1920's did have the moral underpinning essential to effective legislation. It was deemed right and just then that government do something to protect farmers from the full effects of price declines in depressions. It was agreed that agriculture had always taken more than a just share of the blows of sharp market declines, and that it was least able of any form of private enterprise to withstand the blows unaided.

But there simply is no moral ground on which to defend either (1) high price supports as now practiced, or (2) high income payments as proposed in the Brannan plan.

## Higher and Higher

The moral basis of price control legislation was discarded after World War II. Congress failed to lower price guarantees from the high levels fixed to encourage wartime production. The avowed purpose of the two postwar flexible price support laws was to bring price supports gradually down as surpluses mounted. But the actual reduction of supports was postponed in each case.

The Brannan plan is just as bad—or worse. The proposal here is that farm incomes be guaranteed at the highest 10-year average in history, including the war years. These are the highest supports ever proposed by a responsible official—higher than any farm organization ever talked about, prior to Brannan's foray into policy making. Even now, he has the support of only one national farm organization—the smallest one.

His claim that farmers have a right to a guaranteed income at a level so high certainly is an idea that most consumers have never considered or approved. Many of them probably don't realize the Brannan plan contains this provision. Their own incomes are not guaranteed at such levels, and they can be expected eventually to inquire why anyone's should be.

The consumer cannot be overlooked in forming an agricultural policy. Farmers alone will not write agricultural policy—now, or in the future. They number only 17% of the voting population. They will be hopelessly outnumbered if consumers turn against them and farm legislation is left to the outcome of a political slugging match. Even the Senate structure which favors agriculture, is not enough to keep consumers from having the final say. We saw this principle in action during the war when the government stopped the free rise of prices. Consumers eventually will also set the point

at which government will stop the free fall of prices during recessions.

This is the real reason, we suspect, why the farm organizations—with the one exception—oppose the Brannan plan. They cannot believe that Congress, year after year, and as a matter of fixed public policy, will appropriate money for direct subsidies to maintain the income of commercial farmers at the highest 10-year average in history.

By commercial farmers, we mean the top 50% of all farmers who receive 90% of farm income. They therefore receive 90% of the benefit from price supports, and would receive 90% of Brannan plan benefits. The really poor farmers get practically no benefit from price supports or income subsidies—a fact which further knocks the moral props from under the current proposals. To help the really poor farmers, we need social welfare policies—not price supports or income payments as proposed by Brannan.

## A New Foundation

Can a new moral foundation be laid under farm price policy?

Not by continuing to pile expedient upon expedient. Not by leaving the matter to be mauled in partisan campaigns this year and again in 1952.

A start might be made by reaffirming the principle adopted in the 1920's—that farmers have a right to expect government action to protect them against the free fall of prices during hard times. There is no reason to abandon this principle because commercial farmers have passed through a period of prosperity.

Once this principle is reaffirmed, then the task would be to select a point on the price charts at which government action will occur. This would have to be a point high enough to protect the essential industry of agriculture. Yet, it must be a point which seems fair to consumers.

Commercial farmers have strong claims on the consumer for fair treatment. For one thing, they need a good income to conserve the soil as a national asset. They make available a national diet which, on the basis of exchange for an hour's work, is just about the cheapest and most healthful ever known. But these just claims of farmers will be hopelessly smothered or distorted unless we can somehow regain the high purpose and fair, nonpolitical spirit of inquiry which prevailed in the 1920 discussions.

Perhaps the crisis which confronts farm policy will again create one or more nonpartisan commissions. This at least is one hope of breaking out of the circle in which agricultural policy thinking has been spinning since the war. Certainly by this, or by some other means, we must hammer out an acceptable moral basis for a new agricultural policy before we can stop the present trend toward excessive partisanship.

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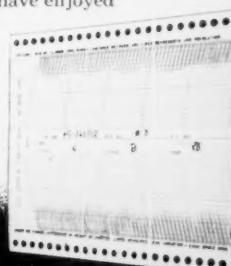
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